The Kingdom of Cambodia
The Data Collection Survey on International Logistics Function Strengthening in the Kingdom of Cambodia

Final Report

June 2016

Japan International Cooperation Agency (JICA)

Oriental Consultants Global Co., Ltd.
The Overseas Coastal Area Development institute of Japan
Nittsu Research Institute and Consulting Co., Ltd

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Abbreviation

No.	Abbreviation	Name
1.	AC	Asphalt Concrete
2.	ADB	Asian Development Bank
3.	AEC	ASEAN Economic Community
4.	ASEAN	Association of South - East Asian Nations
5.	ASYUCDA	Automated SYstem for CUstoms Data
6.	B/L	Bill of Lading
7.	BOT	Build Operate Transfer
8.	CAMFA	Cambodia Freight Forwarders Association
9.	CAMTA	Cambodia Trucking Association
10.	CBTA	Cross Border Transport Agreement
11.	CDC	Council for the Development of Cambodia
12.	CEFP	Committee for Economic and Financial Policy
13.	CEP	Comprehensive Economic Partnership
14.	CFS	Container Freight Station
15.	CIB	Cambodian Investment Board
16.	CIF	Cost, Insurance and Freight
17.	CIQ	Customs, Inspection and Quarantine
18.	COM	Cabinet of Cambodia
19.	CPC	Cambodia Productivity Committee
20.	CSEZB	Cambodian Special Economic Zone Board
21.	CY	Container Yard
22.	DBST	Double Bituminous Surface Treatment
23.	DTI	Direct Traders Input
24.	DWT	Dead Weight Tonnage
25.	EAC	Electricity Authority of Cambodia
26.	EBA	Everything but arms
27.	EDC	Electricité Du Cambodge

No.	Abbreviation	Name
28.	EDI	Electoric Data Interchange
29.	EIF	Enhanced Integrated Framework
30.	EPZ	Export Processing Zone
31.	EU	European Union
32.	FCL	Full Container Load
33.	FIATA	International Federation of Freight Forwarders Association
34.	FOB	Free On Board
35.	GDCE	General Department of Customs And Excise
36.	GIZ	General Industrial Zones
37.	GMS	Greter Mekong Sub regions
38.	GPS	Global Positioning System
39.	G-PSF	Government Private Sector Forum
40.	ICD	Inland Container Depot
41.	IDP	Industrial Development Policy
42.	IMO	International Maritime Organization
43.	IRRI	International Rice Research Institute
44.	JICA	Japan International Cooperation Agency
45.	JIFFA	Japan International Freight Forwarders Association
46.	KAMSAB	Kampuchea Shipping Agency and Brokers
47.	KOICA	Korea International Cooperation Agency
48.	LAC	Labor Advisory Committee
49.	LCL	Less than Container Load
50.	MAFF	Ministry of Agriculture, Forestry and Fisheries
51.	MEF	Ministry of Economy and Finance
52.	MIH	Ministry of Industry and Handicrafts
53.	MLMUPC	Ministry of Land Management, Urban Planning and Construction
54.	MLVT	Ministry of Labour and Vocational Training
55.	MME	Ministry of Mines and Energy
56.	MOC	Ministry of Commerce
57.	MOE	Ministry of Environment

No.	Abbreviation	Name
58.	MOT	Ministry of Tourism
59.	MPWT	Ministry of Public Works and Transport
60.	NR	National Road
61.	NSDP	National Strategic Development Plan
62.	NVOCC	Non Vessel Ocean Commonn Carrier
63.	OD	Origin- Destination
64.	OEM	Original Equipment Manufacturer
65.	OPEC	Organization of the Petroleum Exporting Countries
66.	PAS	Sihanoukville Autonomous Port
67.	PPAP	Phnom Penh Autonomous Port
68.	PPP	Public Private Partership
69.	RCL	Regional Container Lines
70.	RR	Ring Road
71.	RRC	Royal Railways of Cambodia
72.	RTG	Rubber Tyred Gantry
73.	SAD	Single Administration Document
74.	SEZ	Special Economic Zone
75.	SME	Small & Medium Enterprise
76.	SRTO	Single Rail Transfer Operator
77.	SSCA	State Secretariat of Civil Aviation
78.	TA	Technical Assistance
79.	TDSP	Trade Development Support Program
80.	TEU	twenty-foot equivalent unit
81.	THC	Terminal Handling Charge
82.	TOS	Terminal Oparating Service
83.	Trade SWAp	Trade Sectoe Wide Approach
84.	UNIDO	United Nations Industrial Development Organization
85.	VAT	Value Added Tax
86.	VOSA	Vehicle and Operator Services Agency
87.	WB	World Bank

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Summary

1. Background and Objectives

1.1 Background

Aiming at the establishment of an ASEAN Economic Community (AEC) at the end of December 2015, many improvement measures such as the abolition of tariffs, trade liberalization, and infrastructure development, etc., are being implemented in ASEAN countries based on the AEC blueprint (2007) or the ASEAN connectivity master plan (2010).

Cambodia is on one of the three major economic corridors, which is the southern economy corridor under the GMS program defined by the Asian Development Bank (ADB). In order to maintain sustainable economic growth, the restoration and maintenance of transport infrastructures has been promoted in Cambodia after the civil war. Cambodia needs connectivity improvement with neighboring countries.

The Cambodian government published an industrial development policy "a new growth strategy" in March 2015. The Cambodian Government will develop a logistics master plan for corridor strengthening including reliable infrastructure development for the improvement of the supply chain and the realization of an efficient logistics system by 2018 as one of the five activities in the industrial development of Cambodia in the strategy.

JICA conducted a "Data collection study on comprehensive logistics systems in the Kingdom of Cambodia" in 2010, and has already examined the logistics bottlenecks. However, the current logistics situation in Cambodia has been changed in response

to the establishment of AEC mentioned above, such as the implementation of SEZ development and the rapid increase of foreign direct investment, etc.

The southern economic corridor used by Sihanoukville Port, Phnom Penh Port, and the Mekong River transport is becoming important for future industrial development not only in Cambodia but also in GMS countries.

1.2 Objectives

The objective of this study is to analyze the present condition of the southern economic corridor in Cambodia including Sihanoukville Port, Phnom Penh Port, and the international logistics using the Mekong River transport, and to propose strategic policies and projects which will contribute to the future industrial policy and logistics master plan in Cambodia.

2. Target Area and Route

The JICA Study Team focused on Sihanoukville Port, Phnom Penh Port, the area along the transport route from Phnom Penh to the Vietnam border, Bavet (National Route 1 area), the Phnom Penh metropolitan area from Phnom Penh to the Thailand boundary (National Route 5), and the area along the route between Sihanoukville and Phnom Penh which is an international logistics route in Cambodia.

Figure 1 Target Area and Route

3. Current Condition and Government policy of International Logistics

Phnom Penh Port and Sihanoukville Port play an important role of international as major ports in Cambodia.

After when Phnom Penh Port has started operation on May 2009, the throughput of river transportation using Mekong River has been increased up to now. On the other hand, Sihanoukville Port managed by the PAS (Sihanoukville Autonomous Port), which is only the deep-see port in Cambodia, is located on the edge of RN4 at around 230km far from the center of Phnom Penh City.

National and provincial roads are managed by the Ministry of Public Works and Transport, on the other hand, rural roads are managed by the Ministry of Rural Development. There is no dedicated vehicle road and no discrimination between industrial roads and general roads. Furthermore, the number of four-lane roads and street lumps are limited, and the nighttime transportation is very dangerous.

There are only two rail trucks, which has being improved, and the total length is 650km in Cambodia. Railway development plan by the Government and the donors is expected to enhance sound economic growth and trade facilitation with not only

neighboring countries but also the other countries.

The Industrial Development policy (IDP) in Cambodia indicates the new industry vision and numerical target by 2025.

The concrete approach, which attains the future industrial vision and numerical target, is to promote the development of the manufacturing industry and agro-business.

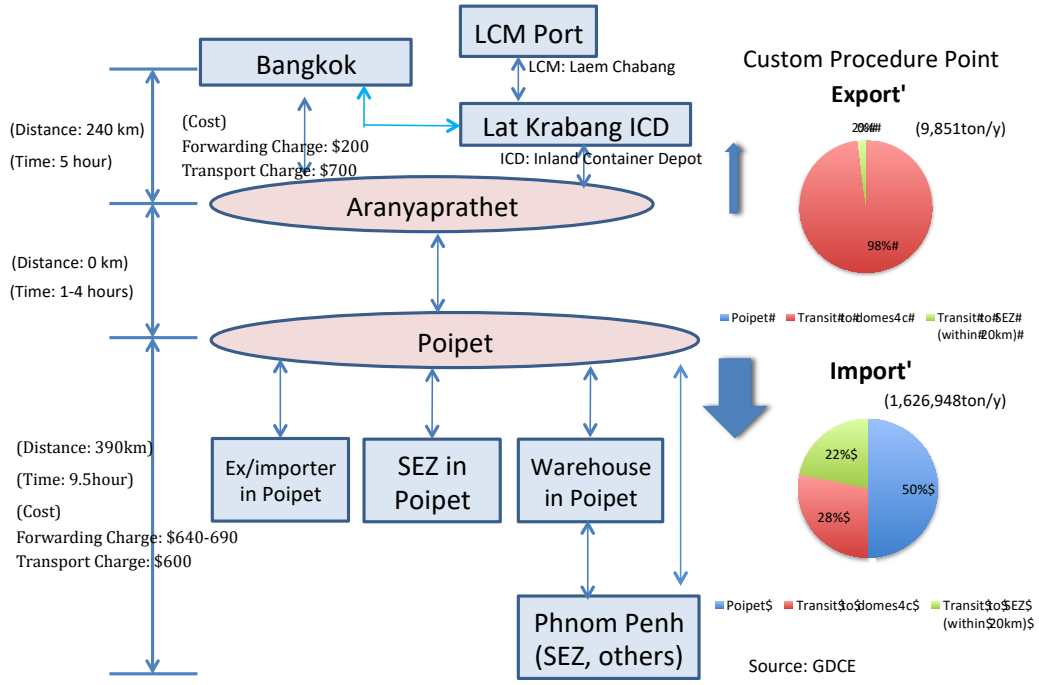
Therefore, the Cambodian government will promote the integration of international and regional supply chains. The government will promote industrial zone development and increase the efficiency of the management process of special economic zones. The government will promote the development of new industrial complexes and industrial clusters.

4. Current Condition of International Container Logistics in Cambodia

The figure2 shows the overview of container flow, and figure 3 – 6 show the summary of target route by each route.

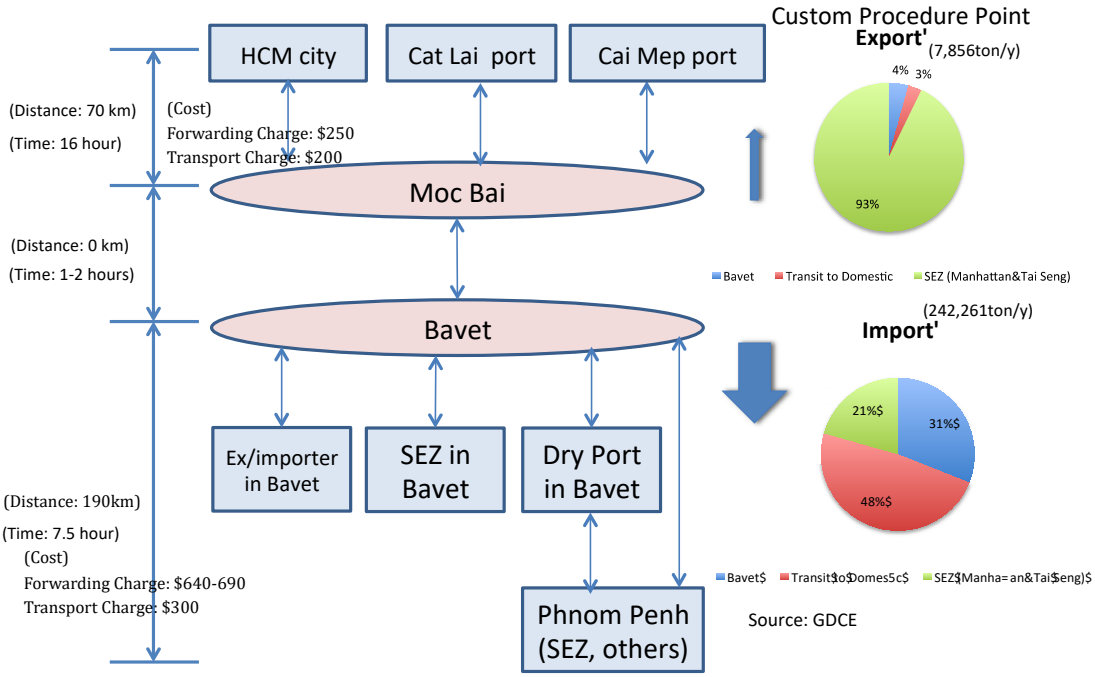
Source: JICA Study Team

Figure 2 Laden Container Flow



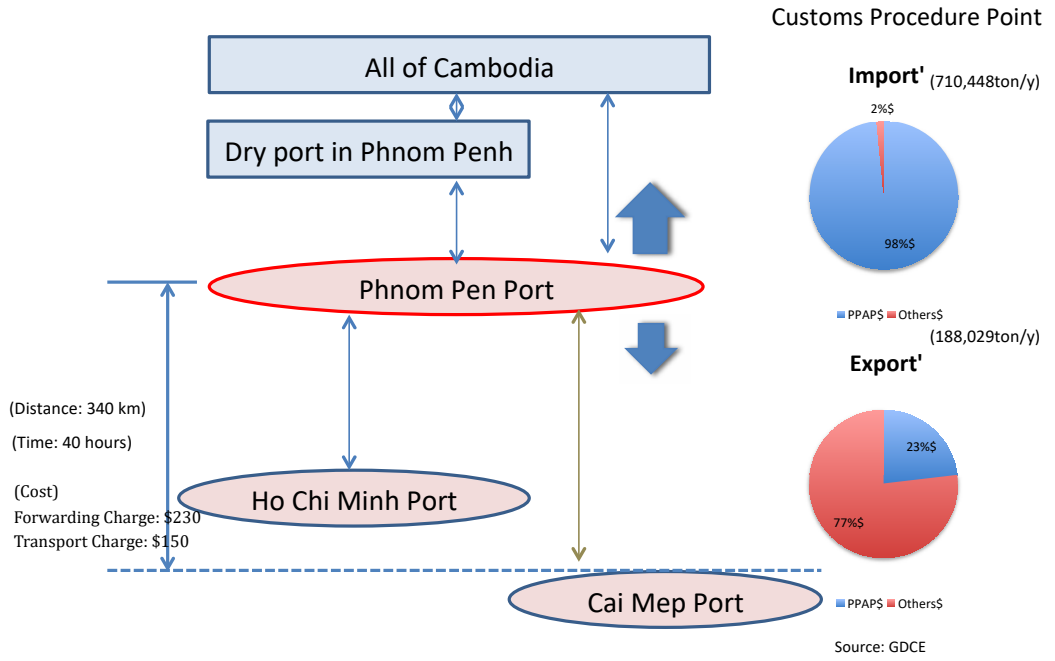
Source: JICA Study Team

Figure 3 Bangkok – Phnom Penh Route (Road)



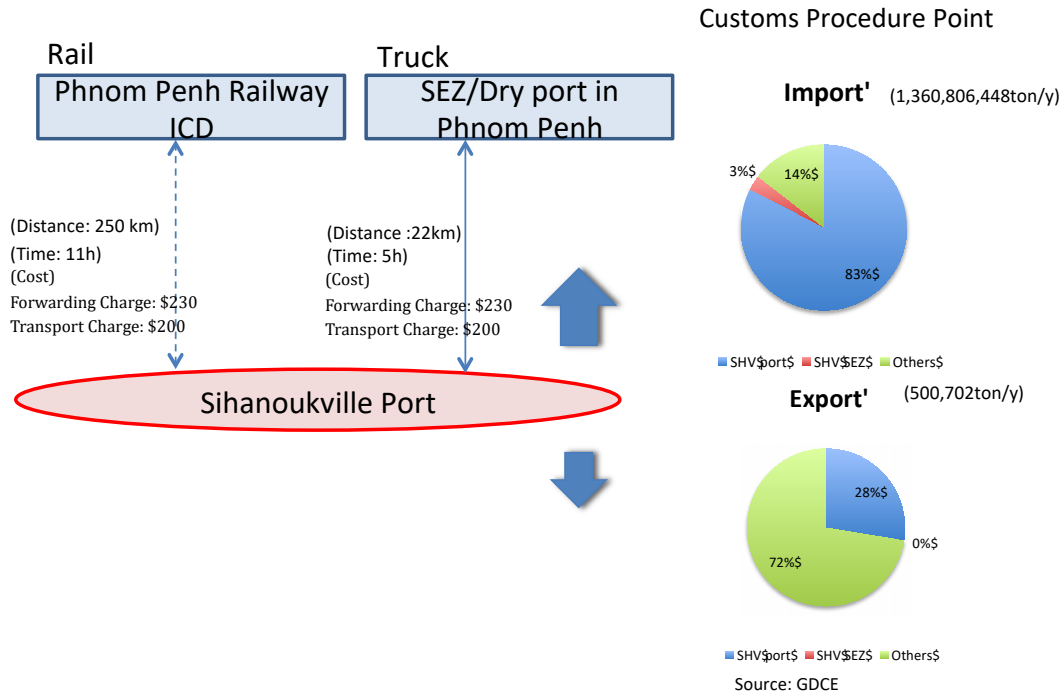
Source: JICA Study Team

Figure 4 Ho Chi Minh – Phnom Penh Route (Road)



Source: JICA Study Team

Figure 5 Vietnam – Phnom Penh Route (Inland Waterway)



Source: JICA Study Team

Figure 6 Phnom Penh – Sihanoukville Route (Rail and Road)

5. Issues of International Container Logistics

The table 1 shows the summary of issues by the target 4 route.

Table 1 Logistics Issues by the target 4 route

		Overall Issues	PP –Thailand route (road)	PP – Vietnam route (road)	PP – Vietnam route (inland waterway)	PP – Sihanoukville route (road and railway)
HARD	**Transport facility**		✓Narrow damaged NR5 (Expansion is planned)	✓Congested and damaged NR1 (Expressway is planned)	✓Shallow and narrow river channel in Vietnam	✓**Congested and dangerous NR4 (Expressway is planned)** ✓Congested port gate ✓Slow railway transport
	Logistics facility	✓Lack of development of transport nodes (ICD; Inland Container Depot etc.) ✓**One Way Cargo**	✓Limited capacity of the border (new border is planned)	✓Limited capacity of the border	✓Limited port capacity (expansion in progress)	✓**Insufficient ICD capacity** ✓Limited port capacity and access (expansion in progress)
SOFT	**Law/ Policy/ Regulation**	✓Lack of Forwarding Business Act ✓Negative impact of track ban ✓Negative impact of overloading	✓**Limited Double Licensed Vehicle**	✓**Limited Double Licensed Vehicle**		
	Mater plan/ Strategic plan	✓Lack of logistics master plan				
	Organizational structure	✓**Lack of coordination mechanism** ✓Unclear demarcation among ministries				
	Operation/ Procedure / Information	✓Limited harmonization between custom and port system	✓Limited operation hours of border (only daytime)	✓Limited operation hours of border (only daytime)	✓Lack of Port EDI ✓Limited operation hours of border (only daytime) ✓Redundant documentation	✓**Lack of Port EDI** ✓Lack of shipping lines' services to receive/ deliver the laden containers at ICD
	Charge/ Tariff	✓Lack of minimum/ maximum charge system	✓**High forwarding charge**	✓**High forwarding charge**	✓**High forwarding charge**	✓**High forwarding charge** ✓**High port charge (LOLO; Lift on / Lift off)**
	Human Resource Development	✓Lack of human resources in logistics/ statistics sectors	✓Limited driver skill	✓Limited driver skill		✓Limited driver skill (dangerous driving),

Source: JICA Study Team.

6. Basic Direction and Proposal Projects

As described in the previous sections, following three main issues should be focused on for the improvement of logistics in Cambodia:

- Realizing the improvement of logistics infrastructures,
- Realizing the improvement of logistics related laws and regulations aimed at an efficient logistics system in the region, and
- Realizing capacity building for experts who are engaged in the logistics field in the public and private sectors.

Logistic infrastructures have become the bottleneck of logistics efficiency improvement in Cambodia. As a main part of logistic infrastructures, specific hard infrastructure facilities are proposed in the following sections.

Table 2 below summarized the major items classified by modal. In Table 1.2, the levels of the necessity of relevant items are indicated by A, B and C considering the urgency and significance.

Table 2 Summary of Hard Infrastructures

Modal	Present Issue	Counter-measures	Outline	Needs	cf. Sections
Railway	Amongst the Railway Container Cargo (CC)Transportation between PNH and SHV, the lack of facilities of ICD in PNH is bottle-neck.	Provision of ICD facilities and equipment in PNH	Aiming Railway CC ratio to SHV Port future CC volume to be 15 to 20%, 10 ha of the existing ICD land owned by PAS out of total 16 ha, will be utilized for Railway siding lines CC yard, with provision of the CC handling equipment. Approx. project cost :US$ 23million.	A	7.1.1
	Lack of access from PNH City center to Airport	Provision of AGT Depot	6 ha of PAS owned ICD land in PNH will be shared and utilized for AGT Depot.	A	
	Damage of road pavement due to heavy container load for agriculture products from the coastal are of Tonle Sap Lake	Transportation of heavy container cargo by Railway North Line	(The development of the North Line is underway)	B	7.1.5
Road	Traffic congestion in the PNH City core area.. Restriction of heavy vehicles entering the City core.(Truck ban)	RR3、Mekong River Bridge	RR (Ring Road) 3,NR1, PNH New Container Terminal and Mekong Bridge will be developed at the outskirts of truck ban area where the hub of logistics will be organized	A	7.1.3
		Dry Port	Existing dry-ports located around the airport will be supplemented by the new dry-port at above mentioned hub area as logistic center.	A	
		PP Port SEZ	PPAP is going to acquire the land for SEZ development at the hinterland of of his New Container Terminal. The 200 ha for the 1st Phase and succeeding 1,000 ha development in future which will contribute for the industrial development of the Country with FDI (Foreign Direct Investment). Approx. project cost for 1st Phase US$ 48 million (PPP base)	B	
	Road congestion of NR4 in the vicinity of the SHV Port	Development of four-lane road	The RN4 should be developed to be four-lane highway.	B	-
		Development of short-cut access road	(Described in the Port Sector below)	B	7.1.4
Ports/ In-land water-way	Lack of PNH Port (PPAP) capacity for the future cargo growth	Expansion of the New Container Terminal of PPAP	The estimated capacity of PPAP existing New Container Terminal (NCT) (1st Phase) is 150 thousand TEU/year. Due to quick growth of cargo in recent years, the actual handling volume reached to 147 thousand TEU in 2015. For the mean time, as the 2nd Phase, PPAP will increase the number of cargo handling equipment and expand the CC yard area aiming the total capacity to be 170 thousand TEU/year. Afterward, it is required to expand the pier and yard facilities as 3rd Phase development. Approx. Project cost for 3rd Phase: US$ 50million:	A	7.1.2
	Shipment and Export of the agriculture products from coastal area of Tonle Sap Lake	Development of Feeder Ports	The export of the rice from the rice land along Tonle Sap Lake is most advantageous by means of container barges via Ho Chi Min Ports thorough inland waterways. The water depth of Tonle Sap Lake is, however, shallow for 3 months in a year during dry season, in which the transportation will be by another modal such as railway North line. For the high water season the new feeder port sites are determined at Bak Prea near Battambang or Kampong Phluk in North Tonle Sap Lake near Siem Reab.	C	7.1.5
	Road congestion of NR4 in the vicinity of the SHV Port by the development of New Container Terminal of PAS	Development of short-cut access road	To meet the container cargo growth of SHV Port (PAS) a New Container Terminal (NCT) Development is on -going by JICA Study. The access road from proposed NCT site to NR4 is surrounded by dense fishery village and private houses. A short-cut road avoiding such dense areas of 3 km long will be effective to meet future port traffic volume. Approx. Project cost: US$6 million	B	7.1.4

Definition of "needs": A: High B: Middle C: Low
Source: Study Team.

Table 3 Summary of Soft Infrastructures

	Present Issue	Counter-measures	Outline	Needs	cf. Sections
Provider	No service provider which can provide the mixed-loadig service in Cambodia	Development of mixed-loading service	Enhancement of mixed-loading service by an examination project	A	7.3.1
	Less maintenance system brings about many traffic accidents and heavy congestion	Development of driver education system	Establishment of truck driver education system and installation of the educational facility	A	7.3.2
Legal system	Less reliability and transparency of logistics activities	Consigned freight forwarding business act	Development of consigned freight forwarding business act	A	7.4(1)
		Warehousing business act	Development of warehousing business act	A	7.4.(2)
Informatization	less competitive port due to the reluctant of port clearance procedure	Port EDI	Informatization of the port clearance system and development of the related legal system	A	7.2.1
Materplan	No enforcement system for complehensive logistics improvement	Technical assistance project	Development of Logistics Master Plan and establishment of the implementation body, legal system, human resource, etc.	A	7.5

Definition of "needs": A: High B: Middle C: Low
Source: Study Team.

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Chapter 1 Basic Policy of Implementation

1.1 Basic Policy of Implementation

1.1.1 Background

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The southern economic corridor used by Sihanoukville Port, Phnom Penh Port, and

the Mekong River transport is becoming important for future industrial development not only in Cambodia but also in GMS countries.

At the same time, the Ministry of Public-Works and Transportation (MPWT) implemented organizational reform in 2015. The Directorate General for Transport was divided into a land transportation bureau and a water transport bureau, and each bureau is striving for operating expansion. Moreover, the logistics office was installed under the general-affairs bureau, and the role of the bureau is the realization of comprehensive logistics improvement.

Furthermore, the Cambodian Government held a logistics policy dialogue with the Ministry of Land, Infrastructure, Transport and Tourism of Japan and MPWT in October 2015 in order to exchange opinions with Japan in the logistics field.

1.1.2 Objectives

The objective of this study is to analyze the present condition of the southern economic corridor in Cambodia including Sihanoukville Port, Phnom Penh Port, and the international logistics using the Mekong River transport, and to propose strategic policies and projects which will contribute to the future industrial policy and logistics master plan in Cambodia.

1.1.3 Target Area and Route

The JICA study team focused on Sihanoukville Port, Phnom Penh Port, the area along the transport route from Phnom Penh to the Vietnam border, Bavet (National Route 1 area), the Phnom Penh metropolitan area from Phnom Penh to the Thailand boundary (National Route 5), and the area along the road between Sihanoukville and Phnom Penh which is an international logistics route in Cambodia. The target area and route are shown in Fig. 1.1.

Figure 1.1 Target Area and Route

1.2 The flow chart of the study implementation

The flow chart of the whole study is shown in the figure1.2. This flow chart shows a logical workflow and the timing of work simultaneously. Along with this flow, concrete methods of implementation are explained henceforth [in the following clause].

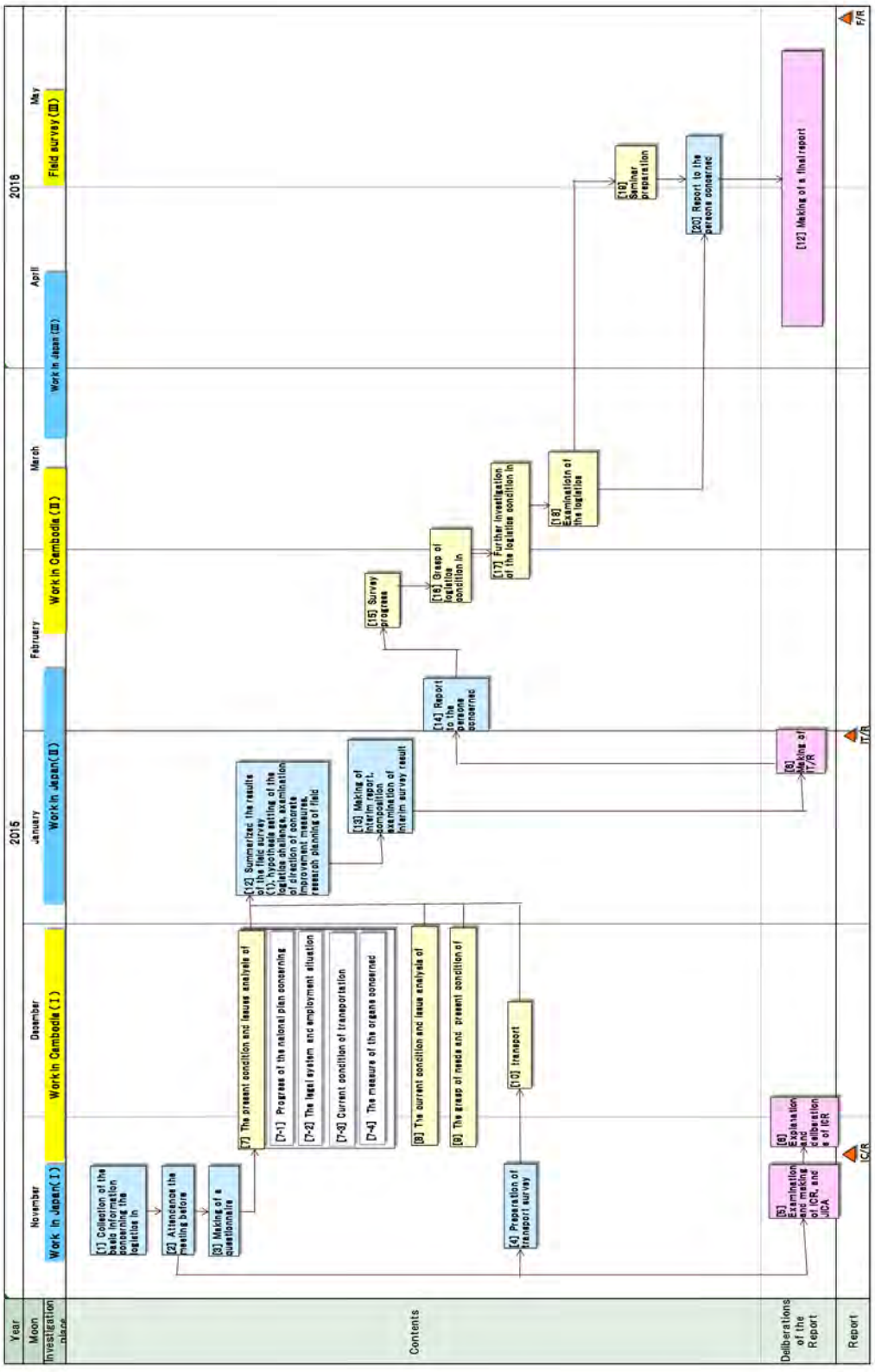


Figure 1.2 Work Flowchart

Chapter 2 Government policy of International Logistics

2.1 Industrial and Trade policy of Cambodia

On March 6, 2015, the Cambodia government cabinet-members council approved the IDP (Industrial Development Plan), which is a new growth strategy. This growth strategy is a strategy for corresponding to the international economic climate change including domestic, the GMS region, and ASEAN. This growth strategy is the long-term industrial policy from 2015 to 2025.

In the IDP, the prime minister and a deputy prime minister are the enforcement persons in charge of the industrial policy. In the IDP, all the related ministries cooperate mutually and implement the policy of the IDP. The IDP is not an industrial policy which specific ministries implement.

The budget of the IDP is offered from 2016. MEF distributes the IDP budget. The IDP budget is a package scheme.

The background of the IDP development is strongly related to the progress of ASEAN economic integration (ASEAN Economic Community) and the local economic partnership (Comprehensive Economic Partnership).

Another purpose of the IDP is that it promotes the industrial cooperation between Cambodia and the advanced nations (China, South Korea, Japan, etc.) of East Asia. The location of the Cambodian market is geographically close to the markets of East Asia. The Cambodian government developed the IDP based on the factors mentioned above.

The IDP shows the following items of importance.

- By utilizing an open economic system, the economic growth job creation will be maximized.

- It will help avoid falling into a "middle-developed country trap[1]".
- It will introduce the industrial structural reform and governance for productivity improvement reform before becoming a middle-developed country.

In order to realize the above-mentioned industry vision of Cambodia, IDP must attain the following things.

- Maintainable and comprehensive high growth
- Creation of job opportunities
- Improvement in added value
- Improvement in income

IDP has indicated the challenges regarding the current industrial situation in Cambodia as follows.

- Fragile industrial (power supply, transport, etc.) base.
- Dependence on the small-scale informal sector.
- Poor entrepreneurial consciousness.
- Lack of value-added production know-how and technology.

Moreover, the contents regarding the obstacles to a concrete industrial policy are indicated as follows.

a Lack of efficient decision-making of the leadership about many important matters (an electric power supply, a transport infrastructure and physical distribution, talented people, skill training, etc.), and adjustment between related organizations.

b The lack of basic knowledge and the shortage of skills, which could raise the value of the workers.

c An undeveloped industrial infrastructure (shortage of adjustment function among each hard infrastructure development, such as electric power,

[1]The phenomenon in which competitive power is lost by the gap of the rise of the personnel expenses of its own country, catching up of a late-coming newly emerging country, and the tip innovations (technical capabilities etc.) of advanced nations, and economic growth stagnates after becoming one of the middle-income economies

communication, and up-and-down water).

d An undeveloped financial market.

e The problem of the labor market and the management of labor relations concerning workers' safety.

IDP shows the new industry vision and numerical target by 2025.

2.1.1 New Industrial Vision

Technology and knowledge required for industrial development are accumulated. The competitive power and the productivity of domestic industries are improved. Connection to the regional and global economy and industrial supply chain development are promoted simultaneously. The Cambodian industry is modernized by the above-mentioned activities. Moreover, the Cambodian industry will be made to shift to the technical driven type industry with highly skilled labor-intensive industry by 2025.

The Cambodian government will improve the secondary industry share of GDP to 30% by 2025 (2013 was 24.1%) and the manufacturing sector share to 20% (2013 was 15.5%).

Table 2.1 GDP Ratio Classified by Sector (Numerous Target)

Sector	2013	2015	2020	2025
Agriculture	36.1%	29.0%	25%	23%
Industry	24.1%	26.2%	28%	30%
Manufacturing	15.5%	16.0%	18%	20%
Service	38.5%	34.9%	40%	40%

Source: Cambodian Industrial Development Policy (2015-2025), Royal Government of Cambodia, March 2015

The export rate of the manufacturing industries excluding garment will increase to 15% by 2025. The government will promote the diversification of export goods and will improve the export rate of agricultural products to 12%.

Table 2.2 Export Composition (Numerous Target)

Sector	2013	2015	2020	2025
Processed agro-products	7.9%	8%	10%	12%

Sector	2013	2015	2020	2025
Manufacturing				
- Garments and footwear	77%	60%	55%	50%
- Non-garments and footwear	1%	5%	10%	15%

Source: Cambodian Industrial Development Policy (2015-2025), Royal Government of Cambodia, March 2015

80% of small companies and 95% of medium-sized companies will register commercially. Furthermore, 50% of small companies and 70% of medium-scale companies will install an accounting system set to international standards.

Table 2.3 Formal Registration Company with balance sheet (Numerous Target)

	Officially Registered			Having Balance Sheet		
	2010	2020	2025	2010	2020	2025
Small	37%	70%	80%	4%	30%	50%
Medium	72%	80%	95%	24%	50%	70%
Large	93%	100%	100%	66%	100%	100%

Source: Cambodian Industrial Development Policy (2015-2025), Royal Government of Cambodia, March 2015

The concrete approach, which attains the future industrial vision and numerical target, is to promote the development of the manufacturing industry and agro-business.

Therefore, the Cambodian government will promote the integration of international and regional supply chains. The government will promote industrial zone development and increase the efficiency of the management process of special economic zones. The government will promote the development of new industrial complexes and industrial clusters.

In addition, the government has developed concrete policy measures and an action plan, which clearly describes the responsibility of the government strategy in IDP.

Activities the government intends to undertake include:

- Attracting foreign direct investment (investment environment, special economic zone development, preparation of new industrial zones).
- Strengthening and modernizing of small and medium-sized companies

(commercial registration promotion, incentive provision, encouragement of correct bookkeeping and accounting, promotion of agricultural products processing industry).

- Improving the legal and regulatory environment (trade promotion and export promotion, strengthening of mining standards and intellectual property, tax incentives, labor market improvement).
- Harmonizing support policies (human resources and technology development, the promotion of science and technology innovation, improvement of the industrial infrastructure, financial scheme improvement), and the like.

The strategic framework is divided into six items and the details are as in the table2.4.

Table 2.4 List of the Strategic Framework

Strategy framework	Approach
1) Attraction of foreign investment, inward investment promotion and modernization	The government promotes large-scale industry, development of market cultivation, and technology transfer from developed foreign countries. SEZs (Special Economic Zone) and industrial zones are developed. The government will promote the investment attraction of China, South Korea, Japan, etc. vigorously. The government will promote trade with the EU and the U.S. centering on apparel manufacture like before.
2) Promotion and modernization of SME	Extension and strengthening of a manufacturing industrial infrastructure for small and medium-sized companies. Improvement of the company registration system. Promotion of technology transfer and cooperation between industries. Support of accounting function of SME. Strengthening of the SME support system, and incentive development.
3) Revision of related regulations for competitive power strengthening	Development of the investment and commercial environment, promotion of trade facilitation. Promotion of sharing of market information. Reduction of informality fee.
4) Enforcement and adjustment of related policies	Promotion of human development and technical training. Improvement of management/labor relations. Promotion of the transportation and the logistics as industrial related infrastructure, ICT and electric power and water supply, public service, and financial service. In particular, a training center will be improved. The training center will cooperate with advanced countries (Japan, South Korea, Singapore, etc.).
5) Export promotion of the manufacturing industry and agro-processing industry	Promotion of high-value-added new industry and manufacturing. Promotion of the agricultural output for the domestic markets and foreign export. Promotion of cooperation within Cambodia in the regional and global supply chains.
6) Related regulations	Development of the industrial related laws and regulations concerning export promotion, the quality standard of manufactured goods, and tax collection.

Source: JICA Study Team.

Furthermore, the concerted action plans and implementing organizations that will carry it out by 2018 are indicated in the IDP. For example, four concrete targets, e.g., the development of the logistics improvement in the southern economic corridor, the reduction in power rates, the improvement of the labor market, and the development of Sihanoukville province are described in the IDP.

Table 2.5 The Action Plan by 2018

The action plan by 2018	Implementing body
1) Price reduction of the electric power supply to a specific industrial zone. Expansion of the electric power supply area, and stability of the electric power supply.	MME, MEF, CDC, EAC, EDC
2) Development of a master plan concerning various transportation and logistics systems. Enforcement of the master plan.	CEFP (Committee for Economic and Financial Policy), MPWT, MEF, MoC, CDC
3) Labor market development and labor skill training. The development of the Labor market and the management mechanism concerning labor skill. Improvement of labor conditions.	MLLVT, MIHI, CDC, LAC (Labor Advisory Committee), and CPC (Cambodia Productivity Committee)
4) Development of multi-purpose SEZ of Sihanoukville province as special administrative regions. The government will develop the legal framework relevant to the master plan. It will aim at making efforts so that the province will be authorized as an ASEAN Green Industry and Metropolitan City in the future.	CDC (Coordinator), MIH, MLMUPC, MEF, MoT, MoC, MoE, MPWT, CoM, SSCA, others

Source: JICA Study Team.

By 2018, the government will carry out the organizational reform of the Council for the Development of Cambodia, which is involved in all of the policies to be implemented. The IDP described that CDC plays an important role for policy promotion. The contents of CDC organizational reform are shown as follows:

- The government strengthens the leadership of CDC. DCD will play a coordination role for "the economic Finance Committee (Economic and Financial Policy Committee)" and have a role in the related structure of "a private sector development steering committee (Private Sector Development Steering Committee)" and other agencies, which will carry out the related activities. Furthermore, the government will newly establish "the Cambodian industrial advisory committee (Advisory Board for Cambodian Industrial Development)."
- The government reforms the function of the Cambodian investment committee

(CIB). Moreover, the government will also strengthen its capability.

- The government will manage the public investment plan in order to contribute to industrial development, and the government will also implement the functional reform of the Cambodian Rehabilitation and Development Board.
- The government will strengthen "the government-private sector forum (G-PSF)", and implement.

Moreover, the government will carry out the following activities, in order to perform the monitoring and evaluation in implementation.

- Submit a report every three months and presentation annually to a cabinet-members council.
- Establishment of an industrial dispute settlement mechanism.
- The progress review of the concrete policy measures by 2018, implementation of middle review in 2020 and implementation of the policy revision every five years to 2025.

2.2 Transport and Logistics Policy in the National Strategic Development Plan (NSDP)

2.2.1 Development of Transport and Urban Infrastructure (NSDP 2014-2018)

(1) Policy Priorities for the Fifth Legislature

To respond to the needs of the next higher stage of development, the objective of the Royal Government of the Fifth Legislature is to promote further development of all modes of transport infrastructure as well as urban infrastructure supported with a vibrant, safe and efficient logistics system aimed at contributing to the enhancement of national competitiveness and people's welfare. RGC will place priority on:

a Stepping up the construction of national, provincial and rural roads, particularly by paving of 300 to 400 Km of additional roads per year with asphalt or concrete pavement.

b Directing more attention to the repair and maintenance of the transport system, particularly roads, through the strengthening of mechanisms and enhancement of road repair and maintenance systems, include effective and

strict enforcement of punitive measures against overloading.

c Further focusing on traffic safety through the improvement and stricter enforcement of the "Law on Land Traffic", including the strict enforcement of measures against traffic violations, strengthening vehicle safety inspections and the system for issuance of vehicle road worthiness certificates, the mechanism for issuing driving licenses, installation of traffic signs, facilitation of traffic flow, professional ethics and competence of law enforcement officers, as well as the promotion of public awareness and dissemination of information on traffic safety in accordance with the slogan: "Today, Tomorrow: No Traffic Accident!".

d Designing and implementing the Master Plan for Transport Infrastructure Development to connect all parts of the country and with neighboring countries through developing multi-modal and cross border transport systems along with an efficient and competitive logistics system aimed at promoting investment, trade, tourism and rural development, with a focus on the completion of the railroad restoration and development, further development of airport and seaport infrastructure, assessment of the potential for investment in inland waterway transport as well as finding alternatives to monopolistic transport services and intensified implementation of various cross-border agreements and protocols signed by Cambodia.

e Preparing necessary policies and legal framework for the management and development of infrastructure, such as the Law on Roads and related regulations addressing road standards and quality, and the Law on Ports and the Law on Road Development.

f Preparing a Master Plan for Urban Infrastructure Development, in particular public transport in urban areas and the connectivity of production centers on the outskirts of municipalities, main economic poles, industrial zones and special economic zones to reduce traffic congestion, improve national economic efficiency and competitiveness, as well as enhance the welfare of the people and ensure environmental sustainability through consistency with the framework of land management and urban planning including the National Policy on Housing, laws related to land management, urbanization and

construction, National Strategy on Development of Municipal and Urban Areas, installation of solid and liquid waste management systems as well as fire prevention and firefighting systems.

g Further encouraging the participation of the private sector in the development of transportation infrastructure by strengthening and improving the "public-private partnership" mechanism through the introduction of a policy on the promotion of public-private partnership in Cambodia in order to attract and facilitate the implementation of infrastructure projects financed by the private sector.

(2) Planned Actions to Implement the Prioritized Policies

The Ministry of Public Work and Transport (MPWT) is responsible for implementing the national policy concerning the construction of all public works. Its different instruments are (i) Developing legal and regulatory frameworks and cooperating with ministries and agencies; (ii) Constructing and maintaining roads, bridges, ports, railways and waterways; (iii) Formulating regulations for developing roads, bridges, ports, railways and waterways; (v) Participating in the creation of and coordinating laws and regulations pertaining to the construction of transport infrastructure and transportation; (vi) Undertaking other construction activities assigned by RGC; (vii) Cooperating with the State Secretariat of Civil Aviation for airport construction works; (viii) Promoting the participation of women and men.

(3) Transport Planning

MPWT will:

- Make a transport policy and plan in each transport sector.
- Make a national expressway master plan and start initiating priority projects.
- Make a national railway master plan and start initiating priority projects.
- Make a national port master plan and invite private investment in ports.
- Promote an environmentally sustainable transport plan.
- Integrate all transport policies and plans as national transport policy and planning.

(4) Freight Service, Multi-modal Transport, Logistics, and Shipping Services

MPWT will:

- Prepare, in collaboration with concerned ministries/agencies, a master plan on logistics supply and multi-modal transport to enable trade facilitation.
- Increase the efficiency of freight sending services, multi-modal transport, logistics, and of Kampuchea Shipping Agency & Brokers (KAMSAB).
- Support the activities of KAMSAB to enable it to play its roles as freight sender, representative and service provider on behalf of ship-owners or ship chartering entities or freight owners and as logistics provider; at the same time, ensure efficiency, safety, quality, and timely delivery to destinations at reasonable costs.
- Increase freight capacity of Preah Sihanouk Port and Phnom Penh Port.

2.2.2 Transport System and Logistics

(1) Industrial Development Policy and Logistics

The development and modernization of transport systems and logistics is an important factor for sustaining the development of the industrial sector to increase efficiency and boost economic growth and strengthen competitiveness and promote diversification, especially to achieve the Government's vision in promoting and modernizing Cambodian industrial structure from intensive industry to reach professional industry by 2025.

By recognizing the need and importance of transport systems and logistics development, the Royal Government of Cambodia has set out various policy measures related to "Logistic Systems" through the Cambodian Industrial Development Policy 2015-2025. Moreover, the industrial development policy also defines "the preparation and implementation of the development plan for transport systems and logistics as one of the main practical key measures among the four, to promote industrial development policy.

(2) Overview of Transport Systems and Logistics

The weakness of the Transport systems and Logistics resulted primarily from (1)

inadequate supply and poor quality of infrastructure, (2) the low efficiency of form completion to release goods from customs by control agencies at the border (speed and simplicity cannot be foreseen) and (3) lack of logistics integration with neighboring countries.

Transport Systems and Logistics including physical infrastructure (roads, railways, ports, inland waterways and civil aviation) and Logistics service (freight service by any method, loading, storing and delivery service, and goods insurance) are important factors of efficiency and economic competitiveness. Quality and a wide range of transportation systems and logistics have contributed to reducing the effect of distance between regions and reducing business costs under regional and international frameworks. The quality of transport systems and logistics also play a very important role for attracting investment, and promoting industrialization as well as exporting. Despite tremendous efforts in building physical infrastructure and trade facilitation within the past two decades, transport networks and logistics service in Cambodia are still not yet qualified in either quality or quantity.

Road transport is not yet efficient and is expensive. Railways are dilapidated, can not meet the demand and have not been connected to the other railways in the region. Ports within the country are more efficient than before; however, port cost and transport expense are still high. The connectivity and quality of the transport networks in Cambodia still lag behind the average level within the region.

Cambodia has to invest more on infrastructure development such as roads, bridges, railways, ports, and airports which currently plague urban transport systems and as a whole can be made to better connect from the production location to the major ports and from the countryside to the big cities.

The quality and efficiency of the transport sector and logistics in Cambodia is still low compared to the standards in the region as shown in the Logistics Performance Index: LPI) or Global Competitiveness Index: GCI) of the World Bank. The Logistics Performance Index 2014 shows that among 160 countries, Cambodian has moved from No.129 in 2010 to No.83 in 2014.

In particular, the survey of the period and the value of the cargo "normal" from Bangkok to Phnom Penh and from Phnom Penh to Ho Chi Minh which was recorded

in the report of ADB (2012) shows that average logistic costs from Bangkok to Phnom Penh, is US $ 0.20 / km for the road in the within country, and $ 0.09 for the road in Thailand, and average logistic costs from Phnom Penh to Ho Chi Minh, is US $ 0.19 for the road in the within country, and $ 0.10 for the road in Vietnam.

(3) National Single Window (NSW)

As part of public administration reform, the Cambodia government aims at Single Window introduction to the public service sector. The Cambodian government will establish the Special Operation Agency (SOA) as an organization, which promotes public Single Window. Moreover, the Cambodia government has a plan to introduce the database system of a public service. Especially the Cambodia government has a plan to install a Single Administrative Document-SAD system and Single Window Service system, and promote the increase in efficiency in trade or business.

Moreover, SW is a structure to unify, such as for documents and an application style, in order to promote international trade. The Cambodia government will introduce the NSW system by 2018, and will promote the facilitation of trade procedure. Especially the Cambodian government will introduce an ASYCUDA system and promote One-Stop-Service and Single Counter System by the trade facilitation policy.

2.3 Legal Framework for the Management of Transport and Logistics

2.3.1 Legal Framework for Transport

(1) Transport Legal Frame work in NSDP (2014-2018)

RGC will place priority on: Preparing necessary policies and a legal framework for the management and development of infrastructure, such as the Act on Roads and related regulations addressing road standards and quality, the Act on Ports and the Act on Road Transport to facilitate the implementation of the Master Plan for Transport Infrastructure Development.

Abridgments of articles from important laws and regulations for logistics administration are shown below.

(2) Road Act (11 April, 2014)

This act has the objective to manage and develop roads and the infrastructure sector

and to ensure the road traffic safety in the Kingdom of Cambodia. This act has the following aims:

- To protect public property, protect and enhance road quality, maintaining order, facilitate the movement of road traffic and road transportation;
- To determine the policy, strategy, and developing plan for the construction, repair, and maintenance of road infrastructure including to set up measures and technical regulations;
- To promote and encourage the private sector to participate in the construction, repair, maintenance, and development of road infrastructure;
- To promote cooperation and integration of the national, regional, sub-regional, and international road infrastructure sector;
- To encourage conducting research programs on road designing, constructing, and maintaining techniques and to transfer the new techniques for the road infrastructure development in the Kingdom of Cambodia, and
- To develop human resources in the road infrastructure sector in the Kingdom of Cambodia.

The competent authorities for the road infrastructure management shall be designated as follows:

- The Ministry of Public Works and Transport shall have the competent authority to manage the expressways, national roads, provincial roads, and other roads as assigned by the Royal Government;
- The Ministry of Rural Development shall have the competent authority to manage the rural roads, and other roads as assigned by the Royal Government, and
- The Sub-national Administration shall have the competent authority to manage roads within the capital, cities, and provincial urban areas, roads constructed, rehabilitated, and maintained under the Sub-national Administration's budget and budget collected from various sources as well as other roads through the assignment of duties from the Ministry of Public Works and Transport and the Ministry of Rural Development to the

Sub-national Administrations and other roads as decided and approved by the Royal Government.

The road network in the Kingdom of Cambodia can be classified as follows: Expressways, National roads, Provincial roads, Rural roads, Capital streets, urban streets, and county streets in the provinces and other roads which are determined by the Royal Government

Funds for road maintenance and development shall be administered based on the financial act and it has received resources from: the National budget, funding from donors, funds from the private sector, donations from charity, national and international nongovernmental organizations, associations and communities, profit from investments and legal operations in the roads sector, transactional fines, and other legal revenues.

The overloading limited maximum on the road networks is as in the following:

1. On the expressway, national road, provincial road, street in capital, street in city, street in urban of provinces, and rural road must be in compliance as following:

a. Maximum weight on the sustaining axle of automobiles, trailers or semitrailers is limited as follow:

- 6 (six) tons for a single axle with two wheels under the steering wheel.

- 11 (eleven) tons for twin axles with four wheels under the steering wheel.
- 10 (ten) tons for a single axle with four wheels.
- 19 (eighteen) tons for twin axles with eight wheels.
- 24 (twenty-four) tons for triple axles adjacent to each other with twelve wheels

b. Permitted maximum total weight of automobiles is defined as follows:

- 16 (sixteen) tons for automobiles with twin axles which one axle is located in the front of the automobile with two wheels, and the other one located in the back with four wheels.
- 25 (twenty-five) tons for automobiles with triple axles as one axle is located in the front of the automobile where there are two wheels and the twin ones located in the back of the automobile where there are eight wheels.

- 30 (thirty) tons for automobiles with four axles as twin ones are in the front of the automobile where there are four wheels and the other two axles are in the back of the automobile where there are eight wheels.

c. Limitation of permitted maximum total weight of automobiles with trailers shall be defined as follow:

- 35 (thirty-five) tons for automobiles with trailers having four axles as a single axle is located in the front of automobile where there are two wheels and the other single axle in the back of the vehicle where there are four wheels and the single axles of the trailers with eight wheels.
- 40 (forty) tons for automobiles with trailers having five axles onward.

d. Limitation of permitted maximum weight of automobile with semi-trailers shall be defined as follows:

- 35 (thirty-five) tons for automobiles with semi-trailers having four axles as a single axle is located in the front of automobile where there are two wheels and other single axle in the back of the vehicle where there are four wheels and the twin axles of the semitrailers with eight wheels.
- 40 (forty) tons for automobiles with semi-trailers having five axles onward.

The total weights of the automobiles and the trailers or semi-trailers, which are not included in the points above, shall be asked for with a special permission letter from the competent authorities of road management.

2. All vehicle axle loads as specified above in point 1 should bear a pressure on the road no more than fiveKg/cm2.

(3) Road Transport Act (6 Jan. 2015)

1) Purpose

This act is intended to ensure road traffic safety and order, and protection of human and animal health and lives, properties and the environment. This act has the following objectives:

- To raise awareness of road traffic safety,
- To govern road traffic safety,

- To maintain road traffic order,
- To curb offenses/violations by road users.

2) Driving Licenses

Various requirements related to driving licenses will be defined as follows:

a Each driver shall be allowed to hold only one driving license issued by the Ministry of Public Works and Transport. The driving license shall be clearly categorized in accordance with the type of vehicle, which the driver is entitled to drive. Each driving license shall be used together with a scorecard. Prakas by the Minister of Public Works and Transport shall define the application and procedures for issuance of driving licenses.

b Disabled people shall be allowed to drive special vehicles designated for them, and requirements for the issuance of driving licenses for disabled people shall be defined by Prakas by the Minister of Public Works and Transport.

c The age of drivers shall be defined in accordance with the categories of the driving license they hold as follows:

- Category A1 – the drivers shall be at least 16 years of age,
- Category A2 and B – the drivers shall be at least 18 years of age,
- Category C and D1 B – the drivers shall be at least 22 years of age,
- Category D2 and E B – the drivers shall be at least 24 years of age.

All driving licenses shall possess a scorecard with twelve marks and these marks shall be deducted each time the drivers violate the traffic regulations. A license for a motorbike of which the capacity is less than 125cc has not been necessary since January 2016 by the announcement of the Prime Minister. The amendment of this regulation is on the way.

3) Technical Inspection

All motor vehicles, trailers, and semi-trailers moving on the road shall obtain a technical inspection certificate issued by the Ministry of Public Works and Transport or a company authorized by the Ministry of Public Works and Transport. The validity of such certificate is defined as follows:

a Any brand new family vehicle shall apply to be inspected for its first technical inspection certificate, which shall be valid for four years. After that, the vehicle shall be technically inspected every two years.

b Any second-hand family vehicle shall be technically inspected every two years.

c Any brand-new passenger- or goods-transporting vehicle or vehicle equipped with tools shall apply to be inspected for its first technical inspection certificate which shall be valid for two years. After that, the vehicle shall be technically inspected every year.

d Any second-hand passenger- or goods-transporting vehicles, or vehicles equipped with tools shall be technically inspected every year.

e Any brand-new trailer or semi-trailer, which has never been used, shall apply to be inspected for its first technical inspection certificate, which shall be valid for two years. After that, the vehicle shall be technically inspected every year.

f Any second-hand trailer or semi-trailer shall be technically inspected every year.

g Any motor-tricycle or motorcycle shall be technically inspected every year.

h Any vehicle, trailer, or semi-trailer having been locally constructed or modified shall be subject to technical inspection before it applies for registration, identification card and number plate. After that, the vehicle shall be technically inspected every year.

Prakas by the Minister of Public Works and Transport shall define vehicle technical specifications and technical inspection. Any center providing vehicle technical inspection shall possess its license for such business that is granted by the Ministry of Public Works and Transport. Prakas by the Minister of Public Works and Transport shall define requirements and procedures for issuance of such license. In actuality a private inspection center has not opened yet.

4) Insurance

Any owners of vehicles that are required to be insured shall fulfill their insurance obligation in accordance with the law on insurance and related regulations when their vehicles are put on the road. In some guidebooks for Japanese, insurance is by a voluntary basis excluding commercial vehicles but all vehicles which run on public

roads should be insured. Actually, there are many private motorbikes and vehicles without insurance.

5) Papers for Transportation Provider

Any motor vehicles or trailers providing transportation shall possess the following papers:

- Vehicle identification card and number plate,
- Driving license appropriate to the type of the vehicle,
- Certificate of vehicle technical inspection,
- Vehicle or trailer's license for transportation business,
- Insurance certificate issued by an insurance company,
- Other licenses issued by other relevant institutions.

6) National Road Safety Committee

A strong program of traffic safety measures is required and foreseen to prevent a renewed doubling of these figures in the coming years up to 2020. Important measures are about law enforcement (helmet wearing, speeding, drink driving, overloading), driver training and child education. In addition to this set of human behavior related measures the National Road Safety Committee (NRSC) intends also to view the possibilities of a program of infrastructure improvement. NRSC is chaired by the Minister of Interior, and supported by MPWT.

(4) Truck Ban

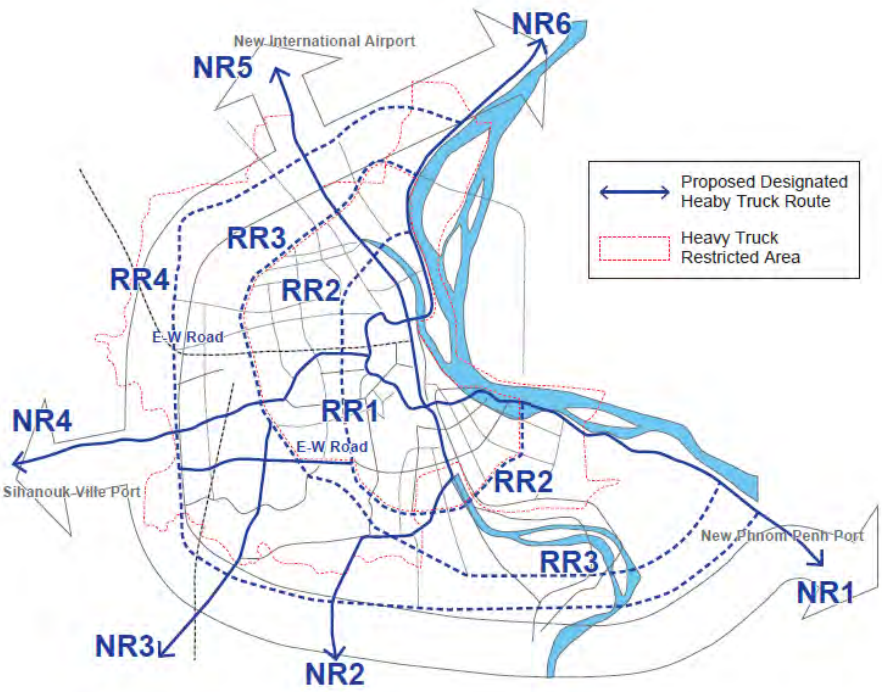
The Phnom Penh Municipality has issued regulations to define times, roads and types of vehicles to travel in Phnom Penh areas. The regulation is based on below.

- Instruction on Public Orders of Traffics of All Types of Cargo Trucks Entering and Exiting Phnom Penh (Phnom Penh Municipality, No. 19 INS.RK, 16 December 2013)
- Notification dated 16 October 2013 on Banning the Heavy Cargo Trucks to Travel in and out of Phnom Penh City, Instruction/ Guideline no. 19 INS.RK dated 16 December 2013 on Banning Heavy Cargo Trucks to Travel in and out

of Phnom Penh City.

1) Regulation area

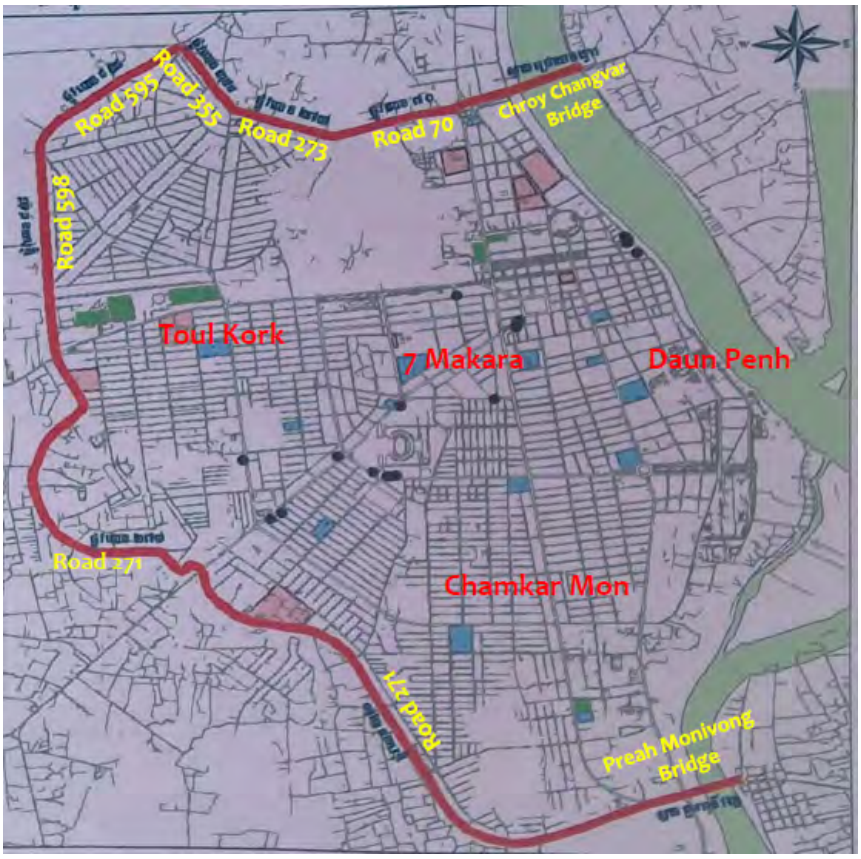
All the districts of the Phnom Penh Municipality are applicable (see the figure below).



Source: JICA, " Project for Comprehensive Urban Transport Planning in Phnom Penh Capital City", 2014

Figure 2.1 Regulation Area of of the Phnom Penh Municipality

The regulations cover four administrative districts (Chamkar Mon, Doun Penh, Prampir Makara, and Tuol Kouk) (see the figure below). The ring road surrounding these administrative districts and main streets in the districts are also covered by the regulations.



Source: Department of Public Works and Transport of Phnom Penh Municipality, "Banning Heavy Trucks from Traveling in and out of Phnom Penh City", 2014.

Figure 2.2 Four Restricted Districts for Truck Ban in Phnom Penh

Table 2.6 The regulated Roads in Restricted Districts

Road name	Range scale
Russian Confederation Blvd:	From Preah Norodom to the airport;
Preah Norodom Blvd:	From Wat Phnom to Kbal Thnal Skybridge;
Preah Sisowath Quay:	From Chuon Nath Statue roundabout to CDC;
Preah Sihanouk, Jawaharlal Nerhru, Charles de Gaulle and Kampuchea Krom Blvds;	
Preah Monivong Blvd:	From Old Stadium roundabout to Bokor traffic - light checkpoint;
Mao Tse Toung section:	From Tep Phan traffic - light checkpoint to Daeum Kor market;

Source: JICA Study Team.

All types of cargo trucks of more than 5-ton loaded are prohibited from traveling in and out of Phnom Penh city across the bridges as shown in the table2.7.

Table 2.7 The regulated Bridges in Restricted Districts

Bridge name
Cambodian - Japanese Friendship bridge (Chroy Changvar)
New Preah Monivong bridge
Old Preah Monivong bridge
Kbal Thnal Skybridge
7 - January Skybridge

Source: JICA Study Team.

2) Trucking Permit

The owners of all types of cargo trucks shall contact and register their trucks with the Department of Public Works and Transport of Phnom Penh Municipality to obtain the Trucking Permit for traveling in Phnom Penh areas. To be more convenient for the above-mentioned transportation, the Phnom Penh Municipality will issue four types of temporary Trucking Permits to cargo trucks through the vehicle ID card and technical inspections conducted by the Department of Public Works and Transport of Phnom Penh Municipality.

3) Truck Type

Vehicles subject to the regulations are categorized into four types, and a prohibited time is set for each type. Basically, logistics companies need to register their types of vehicles with Phnom Penh City. According to the Department of Public Works and Transport (DPWT) of Phnom Penh, 13,000 vehicles were registered as of September 2015. Container trailers, which are categorized as Type D, are permitted to travel in the downtown area of Phnom Penh City only from 20:00 to 06:00. Therefore, trucks passing through Phnom Penh City need to wait near Phnom Penh until the prohibited time ends (see the table below).

Table 2.8 List of Vehicle Types for Road Regulations in Phnom Penh

Type	Vehicle cargo type	Prohibition times	Validity	Remarks
Type A	・Small-size truck with an overall load between 3.5 to 6 tons (Number plate from 3A); ・Truck carrying supplies for the local markets, depots, factories, enterprises…; ・Truck carrying small-size oil tank for supply to the retail gas stations in Phnom Penh;	・6:00 to 9:00 ・16:00 to 20:00	3 months	・As confirmed by Mr. Prom Kampoul of DPWT PPM, the prohibition times for Vehicle Type A are the same as Type C. The prohibition times are set for morning and evening rush hours in order to reduce the traffic congestion in the city center;
Type B	・Truck carrying materials and equipment for construction and road repair and maintenance in Phnom Penh city, including Benz truck, concrete truck, cement – mixing truck, dump truck and crane truck;	・6:00 to 9:00 ・16:00 to 20:00	3 months	・As explained and confirmed by Mr. Prom Kampoul of DPWT PPM, the prohibition times for Vehicle Type B are the same as Types A and C especially during the rush hours. However, Vehicle Type B is the project truck consisting of dump truck, cement/concrete mixing truck, water-tank truck, crane truck...etc. used for project implementations on the public roads and construction by public or private organizations. The trucks are not casually used but only in the event and during the period of certain project implementations. So, the project owner of the public or private organization shall register his trucks at DPWT PPM to apply the prohibition regulations
Type C	・Medium-size truck with an overall load between 7 to 15 tons; ・Truck carrying supplies for the local markets, depots, factories, enterprises…; ・Truck carrying medium-size oil tank (of the net weight from 8,000 to 14,000 liters) for supplies to the retail gas stations in Phnom Penh; ・Pipe-pumping truck;	・6:00 to 9:00 ・16:00 to 20:00	3 months	・Priority-1 to apply the Prohibition Regulations: This could be considered as a project truck, for instance, dump truck from 5 to 10 tons and pipe-pumping truck, regular trucks carrying supplies for the local markets, depots, factories and enterprises and regular medium-size oil tankers.
Type D	・Heavy truck with an overall load of more than 15 tons; ・Container truck; ・Trailer trucks; ・Bulky trucks (Benz and cargo truck); ・Truck of heavy weight and long oil tank (more than	・20:00pm to 6:00am	3 months	・Priority-2 to apply the Prohibition Regulations: container trucks, trailer trucks, dump trucks of more than 10 tons and large-size oil tankers;

Type	Vehicle cargo type	Prohibition times	Validity	Remarks
	15,000 liters); ・Cement truck;			

Source: CAMTA.

4） Others

- The Phnom Penh Municipality will issue a Trucking Permit as separate priority to those trucks carrying materials for road construction, repairs and maintenance of roads and sewage systems such as trucks carrying sand, dump, gravel, stone and concrete by defining the traveling times and certain roads to access the proposed project sites,
- The Phnom Penh Municipality will separately advise the buses of the traveling times and certain roads in Phnom Penh areas,
- Those trucks, which need to enter or travel across Phnom Penh during the prohibition times, shall park and wait somewhere at their convenience or at the existing parking spaces in the outskirts at those six national road entrances-and-exits, and
- In case of failing to exercise the above-mentioned instructions, the penalty shall be charged to the truck owner, and the truck shall be detained without time limit.

(5) Inland Waterway Transport Act (Draft)

1） Ship License

The Ministry of public works and Transport is responsible for the registration, issuance of licenses, ship number classification and naming to all kinds of ships.

The validity of the ship licenses are as follows:

- Permanent, and
- Temporary, not longer than one year.

The ship identification card shall be required to be changed if there's a physical change of ship, change of ship's name or type or ownership transfer of the ship.

The ship identification card is not required to change if there is a change of

permanent address of the owner. In this case, the owner has to notify the MPWT in writing within 15 days after changing.

The change of shape and type of ship shall be allowed by MPWT.

Conditions and procedures for the issuance of a ship identification card, physical change of ship, change in type, or the Prakas by the minister of Public Works and Transport shall determine ownership transfer.

2) Technical Inspection

All kinds of ships must hold a ship technical inspection certificate from the Ministry of Public Works and Transport.

Ship technical inspections shall be held once a year.

The conditions and procedures for the issuance of ship technical inspection certificates shall be determined by the Prakas by the Ministry of Public Works and Transport.

Ship Technical Inspections shall be in compliance with the ship technical standards determined by Prakas by MPWT.

Ship technical inspection officials who have proper professional qualifications shall carry out ship technical inspections.

Ship technical inspection officials must have identity documents and uniforms determined by sub-decree.

The capacity of officials who are in charge of ship technical inspections shall be determined by Prakas by the Minister of Public Works and Transport.

3) Water Transportation Business License

All kind of ships that do business through inland waterway transport shall possess a license for such business that is granted by MPWT.

A license is provided to a legal transport business only and in accordance with the objectives of the specific transport.

The validity of a license is one year.

The Prakas by MPWT shall define requirements and procedures for issuance of such

license.

Physical person or legal person that engages in an inland waterway transport business shall have a permanently valid ship company certificate and two-year valid license issued by MPWT.

Ship companies shall have technical qualifications at the minimum level of tourist ships and the finance sector to ensure the safety of navigational operation

The Prakas by MPWT shall determine the requirements and procedures for the issuance of such certificates.

4) License Fee

The service fee for the issuance of an identification card, ship technical inspection certificate, transport license, license for transport companies and other relevant services shall be determined by Prakas by the Inter-ministry of MEF and MPWT.

(6) Port Act (Draft)

This Act shall aim at establishing a rational port system in the Kingdom of Cambodia. The purposes of this Act are:

- To maintain orderly port development;
- To provide greater convenience to port users;
- To ensure the safety and security of the port; and
- To protect the environment.

1) Categories of Ports

Cambodian ports are grouped into the following categories and the ports under Class I, II and III shall be stipulated by Sub-Decree.

- Ports under Class I mean those ports which are especially important ports for international trade with sizable scope to serve the socio-economic development of the country;
- Ports under Class II mean those ports which are important ports for international trade with neighboring countries and for domestic shipping services; and

- Ports under Class III mean those ports which are local ports with small scope to serve coastal shipping or inland waterway transportation, or which are only used by a specific enterprise for its activities.

2) Duties and Functions of Port Management Body

Port management bodies shall be responsible for the following:

- To maintain the port facilities and navigation channels belonging to the port management body, including the approach channels, in good order for ship navigation, mooring, anchoring, cargo loading and unloading, and other port activities;
- To make a port development plan to meet the demand for ship calls and cargo loading, unloading and storage, passenger embarking and disembarking and other requirements for the port;
- To construct port facilities including the reclamation of land for the construction of port facilities and for the use of port related industries in accordance with the port development plan approved by the competent authority (hereinafter referred to as "the approved port development plan");
- To dredge navigation channels, turning basins and anchorages in the port waters and the approaches in accordance with the approved port development plan;
- To install facilities necessary for fire-fighting, rescue work and port safety and security, and provide oil fences, chemicals and other materials necessary for the removal of oils discharged into the port waters, and other necessary goods for port management and operations by its own capacity or by ordering owners or operators of the related facilities;
- To compile statistics of ship calls, cargo throughput and other information stipulated in Declaration of the Ministry of Public Works and Transport and report those to the Ministry in due time;
- To publicize the tariff showing the rates and charges for port entry, port services and the use of port facilities;
- To publicize the outline of port facilities, regulations, port statistics and other

information which may be beneficial to port users;

- To provide services to vessels, including water supply, aids in berthing and deberthing of vessels, treatment of solid and liquid waste and garbage generated by vessels, and other services for vessels when those services are not provided properly by others;
- To organize the search and rescue work for persons in distress in the port waters and mobilize all human resources and appropriate facilities to carry out the search and rescue in the port waters;
- To make arrangements for the removal of oils discharged into the port waters and for the prevention of disaster in the port waters and land areas; and
- To implement other tasks necessary for proper management of the port.

3) Duties and Powers of the MPWT regarding Port Administration

Duties and powers of the Ministry of Public Works and Transport regarding port administration and management may include the following:

- To prepare the national port master plan stipulated in Article 17;
- To determine necessary regulations on the use of port facilities and actions in the port waters and land areas in view of the safety of navigation and cargo handling operations, security of the port, and prevention of environmental pollution;
- To receive the port entry declaration from ships intending to enter the port in the Kingdom of Cambodia and inform the Port master of the said port of their arrival;
- To refuse ships the right to enter or to leave the port if they are not seaworthy in respect of maritime safety and security and prevention of environmental pollution;
- To supervise activities of the port management body, designated terminal, port facility developer and other port facility owners to secure safety in port undertakings and navigation;
- To receive statistics of ship calls, cargo throughputs and other information

stipulated in the Declaration of the Ministry of Public Works and Transport from the port management body or port facility operator, and compile national port statistics;

- To direct the Port master to exercise the detention of ships in conformity with provisions of related laws and regulations;
- To coordinate the removal of oils discharged into the port waters and other obstacles in the port;
- To inspect safety measures to be taken by the port management body or port facility owner;
- To investigate the vessels entering the port of the Kingdom of Cambodia through the port state control officer appointed by the Minister of Public Works and Transport; and
- To exercise other duties necessary for keeping the order of the port in accordance with the provisions of this Act, another Act or government ordinance.

4) Port Plan

The port management body of a port under Class I or II shall prepare a port plan for the management and development of the said port and submit the port plan to the Minister of Public Works and Transport for approval when it submits the proposal of port limits or when it needs to revise the port plan.

When the Minister of Public Works and Transport receives the port plan, the Minister shall examine the port plan from the viewpoints of consistency with the National Port Master Plan, technical regulations on port facilities, and environmental protection in the port. If the port plan submitted is not appropriate, the Minister shall request the port management body to amend the plan. If it is appropriate, the Minister shall issue his authorization.

The provisions of the preceding four paragraphs shall apply mutatis mutandis to the revision of the port plan.

5) Port Transport Business and Port Tally

1.A natural or legal person, except the port management body and port facility owner, who intends to operate a port transport business set forth in the following paragraph (hereinafter referred to as "the port transport business provider"), shall obtain a port transport business permit of each category from the Ministry of Public Works and Transport.

2. Port transport business includes the following categories:

- Cargo loading/discharging to and from a vessel,
- Cargo lighterage,
- Timber rafting in port,
- Tug boat operation in port, and
- Other port services specified by the Declarations of the Ministry of Public Works and Transport.

Whoever intends to obtain a port transport business permit shall have a fixed business place in Cambodia and necessary facilities, equipment, professional technicians and managerial staff for the operation of port facilities.

Any natural or legal person, except the public port management body and the Kampuchea Shipping Agency and Brokers, who intends to engage in port tallying services, shall obtain a port tallying business permit from the Ministry of Public Works and Transport.

6) Prakas on Composition Reform of Private Port Management Committee (22 July, 2013)

The Private Port Management Committee has the following roles and responsibilities:

- Prepare policy, which is necessary for the private port operation and development.
- Prepare laws, sub-decrees or provide the consent to draft Prakas, or circulars, which are related to the private port operation and development in accordance with the National Port System in order to ensure the safety, security and

environmental protection.

- Investigate and decide on development plans or private port enhancements, which were requested by legal persons or physical persons.
- Observe the private port operation and management through receiving the quantities of import goods, number of ships that enter the Port and other related information.
- Facilitate all relevant agencies and authorities in order to ensure the operation and service of private ports go smoothly and effectively.
- Research the concepts of development, operation, management, observation, and investment regarding the port and collect other necessary information, especially that which is related to private ports.

(7) Amended Law on Investment

An investment approval will be issued not to an investor or investing enterprise but to a project. A project, which receives the investment approval is called a Qualified Investment Project (or "QIP").

Table 2.9 List of QIP Holder

No.	Company	Project	Location
1	Asia Motors Co., Ltd.	Yamaha motorcycle assembly plant	Kandal
2	Bigiimexo Sothy Development	Rubber & cashew nut plantation	Kampong Cham
3	CamEnergy Investment Group Co., Ltd.	Investment agro-industry plantation, tapioca	Battambang
4	Cammafra	N/A	Koh Kong
5	Chea Kao Investment Co., Ltd.	Agro-processing factory, corn, beans, sesame	Battambang
6	Diamond Sun Co., Ltd.	Sand & gravel business along Mekong & Bassac Rivers	Kandal
7	Euro Gates Garment	Garment & textile	Sihanoukville
8	Golden Century Import-Export Co., Ltd.	Construction & operation of commercial building	Battambang
9	GreenFeed (Cambodia) Co., Ltd.	Animal feed	Kampong Cham
10	Greenrich Group Co., Ltd.	N/A	Koh Kong
11	Green Tech-Eco Pak (Cambodia) Co., Ltd.	Plastic bag manufacturing plant	Kandal
12	Joy J World Pte Ltd.	Animal food plant for exporting (Korean)	Kampot
13	Kampong Soam Tech-Tai Garment	Garment & textile	Sihanoukville
14	Khmer Latex	Rubber production factory	Kampong Cham

No.	Company	Project	Location
15	Koh Kong Plantation Co., Ltd.	N/A	Koh Kong
16	Koh Kong Sugar Industry Co., Ltd.	N/A	Koh Kong
17	Heng Chay Gnim Development	Rubber and other crops	Kampong Cham
18	Heng Sok Ngoun Investment	Rubber plantation	Kampong Cham
19	Pactics Cambodia Co., Ltd.	Producing glasses covers and cleaning fabric	Siem Reap
20	San Fong Development Agriculture	Tapioca starch factory	Kampong Cham
21	Sary Paper	Producing tissues	Sihanoukville
22	Seladamex Co., Ltd.	Investment plantation and processing curton	Battambang
23	Srun At Development	Tapioca starch factory	Kampong Cham
24	Stung Sangke Co., Ltd.	3 start hotel, construction & operation	Battambang
25	Thary Development	Rubber plantation	Kampong Cham
26	Tian Yee Industrial Development Co., Ltd.	Animal food plant & pig farm	Kandal
27	Young Poong Fishery Development Co., Ltd.	Marine product processing plant for exporting (Korean)	Kampot
28	Unknown	Nautical frozen seafood manufacturing company	Sihanoukville

Remark: Approved QIP by Provinces-Municipalities Investment Sub-committees (PMIS) under Sub-Decree No. 17 ANK/BK on the Establishment of the Sub-Committee on Investment of the Provinces-Municipalities

Source: CDC

1) Investment Incentives Granted to a Qualified Investment Project (QIP)

QIPs are entitled to the following investment incentives ("Amended Law on Investment"):

- QIPs may elect to receive a profit tax exemption or use special depreciation.
- Profit tax exemption (Selective): A tax holiday period is composed of "Trigger period" + three years + Priority Period (Maximum total nine years).
- Maximum Trigger Period: commencing on the issuance of the Final Registration Certificate and ending on the last day of the taxation year immediately preceding the earlier of: a) if the QIP derives a profit, the taxation year that the profit is first derived; and b) if the QIP derives income from the Investment Activity in respect of the sale of goods or services, the third taxation year after the taxation year in which the income is first derived.
- Priority Period: To be determined by the Financial Management Law, within the period of three years, according to the type of project and investment capital (For light industries: 0 year in case of investment capital of below

US$ 5 million, 1 year in case of investment capital between US$5 million and 20 million, 2 years in case of investment capital over US$ 20 million).

- An annual Certificate of Obligation Satisfaction (or "Certificate of Compliance") has to be obtained by the QIP to be entitled "Profit Tax Exemption".
- A QIP shall be subject to a profit tax rate after its tax exemption period as determined in the Law on Taxation.
- Special depreciation (Selective): 40% special depreciation allowance on the value of the new or used tangible properties used in production or processing.
- Duty free import of production equipment, construction materials, etc. as shown in the table2.10.

Table 2.10 Duty-Free Import for QIPs

Type of QIP	Commodities to be imported free of duty
Domestically oriented QIPs	Production equipment, construction materials and production input to be used in the production of exports goods.
Export oriented QIPs (except those which elect or which have elected to use the Customs Manufacturing Bonded Warehouse mechanism)	Production equipment, construction materials, raw materials, intermediate goods and accessories.
Supporting Industry QIPs	Production equipment, construction materials, raw materials, intermediate goods and production input accessories. In the case where the Supporting Industry QIP fails to supply 100% of its manufactured products to the export industry or directly export its products, the QIP shall pay the customs duties and taxes on production inputs for the quantity that has not been supplied to the export industry or directly exported.

Source: CDC Website

- A QIP located in a designated SPZ or EPZ: To be entitled to the same incentives and privileges as other QIP stipulated in the Amendment to the LOI.
- A QIP shall be entitled to 100% exemption of export tax, except for activities as stipulated in laws in effect.
- The rights, privileges and entitlements of a QIP can be transferred or assigned to a person who has acquired or merged a QIP subject to the approval of the CDC or PMIS.

a. Projects not Eligible for the Incentives

- The investment projects listed in Section 2 (Investment Activities Not Eligible for Incentives) of Annex 1 of the Sub-Decree No.111 are not eligible for investment incentives. Those investment projects include the following:
- All kinds of commercial activity, import, export, wholesale, and retail, including duty free shops,
- Any transportation services by waterway, by road, by air except investment in the railway sector,
- Restaurants, karaoke parlors, bars, nightclubs, massage parlor, fitness centers, etc.,
- Tourism service,
- Casino and gambling business,
- Currency and financial business and services such as banks, financial institutions, and insurance companies,
- Activities related to newspaper and media, including radio, television, press, magazines, etc.
- Professional services,
- Production and processing of wood products using wood from natural forest with a legal domestic supply source for raw materials,
- Complex resort, including hotels, theme parks, sport facilities, zoos with less than 50 hectares,
- Hotels below 3-star grade, and
- Real estate development, warehouses facilities.

b. Projects Eligible for the Incentives

Section 2 of Annex 1 of the Sub-Decree No.111 also sets the minimum amount or other conditions of investment projects in various fields, which are required for granting the incentives. Some of those requirements are shown in the table2.11.

Table 2.11 Minimum Conditions Required for the Provision of Incentives

Fields of Investment	Requirement for Investment
Supporting industry, which has its entire production (100%) supplying export industry	US$100,000- or more
Production of animal feed	US$200,000- or more
Production of leather products and related products Production of all kinds of metal products Production of electrical and electronic appliances and office materials Production of toys and sporting goods Production of motor vehicles, parts and accessories Production of ceramic products	US$300,000- or more
Production of food products and beverages. Production of products for the textile industry. Production of garments, textiles, footwear and hats. Production of furniture and fixtures that do not use natural wood. Production of paper and paper products. Production of rubber products and plastic products. Clean water supplies. Production of traditional medicines. Freezing and processing of aquatic product for export. Processing of any kind of cereals and crop products for export.	US$500, 000- or more
Production of chemicals, cement, agriculture fertilizer and petrochemicals Production of modern medicines.	US$1,000,000- or more
Construction of a modern market or trade center.	US$2,000,000- or more More than 10,000 square meters Adequate space for car park
Training and educational institutes that provide training for skill development, technology or poly technology that serves industries, agriculture, tourism, infrastructure, environment, engineering, sciences and other services.	US$4,000,000- or more
International trade exhibition center and convention halls.	US$8,000,000- or more

Source: CDC Website

2) Investment Incentives Granted to a Project in SEZ (Chapter 4, the SEZ Sub-Decree)

The SEZ Sub-Decree sets forth that the CSEZB shall examine and provide incentives to all the SEZs and that all the incentives shall be specified in the FRC.

As the Law on Amendment to the Law on Investment of 2003 defines in Article 14.9, a QIP located in a designated Special Promotion Zone (SPZ) or Export Processing Zone (EPZ) is entitled to the same incentives and privileges as other QIPs stipulated in the Law. The incentives to be granted to the Zone Developers and Zone Investors are summarized below in table2.12.

Table 2.12 Incentives in the SEZ

Beneficiary	Incentives
Zone developers	・ The exemption period for the Tax on Profit shall be provided for a maximum period of nine years, in compliance with article 14.1 of the Law on the Amendment to the Law on Investment. ・ The import of equipment and construction materials to be used for infrastructure construction in the zone shall be allowed and exempted of import duties and other taxes. ・ The Zone Developer shall receive custom duty exemption on the import of machinery, equipment for the construction of the road connecting the town to the zone, and other public services infrastructures for the public interests as well as for the interests of the zone. ・ The Zone Developer may request, under the form of a temporary admission (AT), the import of means of transport and machinery used for the construction of the infrastructures in accordance with the laws and regulations in force. ・ The Zone Developer may obtain a land concession from the State for establishing the SEZ in areas along the border or isolated regions in accordance with the Land Law, and may lease this land to the Zone Investors
Zone investors	・ The same incentives on customs duty and tax as other QIP shall be entitled. ・ The Zone Investor entitled to the incentive* on Value Added Tax (VAT) at the rate of 0% shall record the amount of tax exemption for its every import. The said record shall be disregarded if the Production Outputs are re-exported. In case the Production Outputs are imported into the domestic market, the Zone Investor shall refund the amount of Value Added Tax as recorded in comparison with the quantity of export. ・ Note: The Zone Investor entitled to the incentive: Investors such as garment and footwear manufacturers, their supporting industries or contractor.
Common	・ Zone developers, investors or foreign employees have the right to transfer all the income derived from the investment and salaries received in the zone to banks located in other countries after the payment of tax. ・ The Zone Developer and the Zone Investor are entitled to obtain the investment guarantees as stated in Article 8, Article 9 and Article 10 of the Law on Investment in the Kingdom of Cambodia and other relevant regulations. ・ Non-discriminatory treatment as foreigners, non-nationalization and no-fixing price.

Source: CDC Website

3） Incentives Entitled to Specific Fields

Despite the provisions regarding the investment incentives for QIPs under Chapter 5 of the Amended Law on Investment, the industry-specific or additional incentives have been introduced by the RGC in forms of the Prakas or other regulations.

- Import duty reduction or exemption and the government-borne VAT scheme (VAT exemption) have been introduced on various agricultural materials such seeds, breeds or residues and agricultural machines including tractors: the Prakas No.390 (MEF) on Adjustment to Customs Duty and Imposition of VAT borne by the State.
- QIPs in the area of agriculture and agro-industry may obtain incentives in the

form of a priority period of tax exemption on profit for three years. Investment activities in the area of agriculture and agro-industry shall receive such incentives according to the Sub-Decree relating to the Implementation of the Law on Investment. : Royal Kram NS/RKM/0609/009 on Promulgation of the Law on the Adjustment to the Law on Financial Management for the Year 2009 of June 20, 2009.

- VAT on the imported production input by garment factories is exempted as long as the final products are exported. The Letter No.110 SCN.CS of the Council of Ministers of January 27, 1999.
- VAT on the imported production input and equipment of supporting industry, which serves to the export of garment, textile or footwear, shall be exempted. The supply of the products or services for the export of the garment by the supporting industry or contractor shall be exempted. : Prakas No.298 (MEF) on the Implementation of VAT for Supporting Industry or Contractor who Supplies Products for the Exports of Garment, Textile and Footwear.

(8) SEZ law

The scheme for the SEZ is described in detail under the special economic zone in the homepage of the CDC (Council for the Development of Cambodia). An outline follows.

1) Legal Framework for the Special Economic Zone (SEZ) Scheme

The examination of introducing the concept of an economically promoted zone/area into Cambodia was originally started back in the 1960's, and the SEZ scheme was finally introduced in Cambodia for the first time in December 2005. "Sub-Decree No.147 on the Organization and Functioning of the CDC" was issued on 29 December 2005 to restructure the organization of the CDC and a new wing of the CDC called the "Cambodian Special Economic Zone Board (CSEZB)" was established to manage the SEZ scheme. To govern the SEZ scheme, "Sub-Decree No. 148 on the Establishment and Management of the Special Economic Zone" (the SEZ Sub-Decree) was issued on 29 December 2005. In addition, the "Law on the Special Economic Zones" was drafted by the CDC in 2008 and is now under examination of the RGC.

2) Basic Concept and Conditions for the SEZ

Regarding the basic concept and conditions for the SEZ, the SEZ Sub-Decree defines them as follows (Article 2 and 3.1.3).

- SEZ refers to a special area for the development of the economic sectors, which brings together all industrial and other related activities and may include General Industrial Zones and/or Export Processing Zones. Each Special Economic Zone shall have a Production Area, which may have a Free Trade Area, Service Area, Residential Area and Tourist Area.
- It must have land of more than 50 hectares with a precise location and geographic boundaries.
- It must have a surrounding fence (for Export Processing Zone, Free Trade Area and the premises of each investor in each zone).
- It must have a management office building and Zone Administration offices and all necessary infrastructures must be provided.
- It must have a waste water sewage network, waste water treatment network, location for storage and management of solid wastes, environmental-protection measures and other related infrastructures as deemed necessary.

3) Application Process for the Development of an SEZ

A Special Economic Zone may be established by the State, private enterprise or joint venture between the State and private enterprise (Article3.1.2, the SEZ Sub-Decree).

The zone developer has to have the following abilities and duties (Article 4.4, the SEZ Sub-Decree).

- Have sufficient capital and means to develop the infrastructures in the zone, including the human resources to manage the activities of the zone.
- Have the legal rights to possess the land for establishing the SEZ.
- Construct the infrastructures in the zone.
- Lease the land and provide services to the Zone Investors.
- Arrange security personnel and ensure good public order in the zone at all times, etc.

The application process for the development of the SEZ is summarized in Table 2.13 (Article 3.2, The SEZ Sub-Decree).

Table 2.13 Application Process for the SEZ Development

Item	Description
1. Application for the development of the SEZ	Zone Developer submits a request for approval for the development of a Special Economic Zone to the CSEZ and applies for the QIP (Application fee: 7 million Riels).
2. Examination of an application	The CSEZB shall notify whether it will approve or reject the request to the Zone Developer within 28 working days. When it is approved, a CRC shall be issued.
3. Feasibility study	The Zone Developer conducts a detailed economic feasibility study, infrastructure master plan and other certified documents as stipulated in the CRC within 180 working days.
4. A Final Registration Certificate (FRC)	Within 100 working days after it receives the above project materials, the CSEZ obtains all necessary approvals and authorization from the government and issues the FRC.
5. Declaration of the establishment of the SEZ	Upon issuance of the FRC by the CSEZB, the Sub-Decree is issued to define the establishment of the SEZ and its boundaries.
6. Withdrawal of the approval	The CSEZB has the right to withdraw the approval for the establishment of the zone and incentives which were granted through the FRC on the basis that the Zone Developer has not implemented at least 30% of the total investment capital of the project within 365 working days after receiving the FRC.

Source: CDC Website

4) Management Structure of the SEZ

The CSEZB under the CDC is the "One-Stop Service" organization in charge of the development, management and supervision of SEZ operations and the SEZ Administration is the State administration management unit which is the "One-Stop Service" mechanism at the site of the SEZ and is set up by the CSEZB in order to be permanently stationed in each SEZ (Article 2, Article 4.2 and 4.3, The SEZ Sub-Decree).

5) Other Regulations

a. Rules for the Export Processing Zone (EPZ)

In the EPZ, special rules are applied as follows (Chapter 5, The SEZ Sub-Decree):

- The EPZ has specific entrances/exits, which are determined by the CSEZ.
- Nobody can stay after working hours except for permanent guards and persons authorized by the SEZ Administration.
- Scheduled time for entry and exit from the EPZ for the authorized persons, including the import-export of goods, shall be determined by the internal rules of the SEZ Administration according to the agreement between the Zone

Developer and the SEZ Administration.

- Import/Export of goods to/from the EPZ shall be considered as Import/Export of goods to/from Cambodia, which requires the owner of the goods to fulfill the formalities of import-export with the competent authority in the EPZ prior to its import-export.
- The aforementioned competent agent shall prepare all forms, which should be simplified, transparent and not cause any difficulty for the control of those goods.
- The customs officers before Import/Export shall properly seal the goods.
- No retail business can locate in the EPZ, even though it would be conducted for serving the public or social interests.
- The Zone Investor, although being the owner, shall not use Output Materials of Production produced in the EPZ without permission of the SEZ Administration.

b. Workforce

Foreign managers, technicians or experts may be employed, provided that the number of foreign staff does not exceed 10% of the total number of its personnel (Article 11, The SEZ Sub-Decree).

c. Vocational Training

The Zone Developer has a duty to cooperate with the Ministry of Labor and Vocational Training (MLVT) to facilitate the training of Cambodian workers and employees and to promote new knowledge and skills for them with specific and effective programs (Article 12, The SEZ Sub-Decree).

2.3.2 Legal Framework for Trade

The administration of the legal framework for trade is exercised under the jurisdiction of various ministries and agencies. The council for the Development of Cambodia has jurisdiction over the approval of import-duty exemptions for QIPs (Qualified Investment Projects). CAM is under the control of the Ministry of Commerce. GDCE of the Ministry of Economy and Finance has jurisdiction over the inspection of goods for export and import. Usually, in other countries, only customs has this jurisdiction, this system is peculiar to Cambodia. The economic police have

jurisdiction over the prevention of counterfeit products and they have strengthened their control at the time of import. The protection against counterfeit products is under the jurisdiction customs prevention in Japan.

(1) Law on Customs

All imported and exported goods are subject to the provisions of this law. The Law on Customs of Cambodia includes contents regarding customs clearance business. However, in the case of Japan, the Customs Business Act defines customs clearance business.

The General Department of Customs and Excise is responsible for the administration and enforcement of the provisions of this Law. The Department operates under the direct supervision of the Ministry of Economy and Finance. The purpose of this Law is as listed below;

- Provide the authority for the administration, control and collection of duties, taxes and fees on imported and exported goods,
- Provide for the control and regulation of the movement, storage and transit of such goods,
- Promote the prevention and suppression of fraud and smuggling,
- Participate in implementing the international trade policy of the Royal Government of Cambodia, and
- Promote the application of international standards and best practices regarding customs control and trade facilitation.

The Articles relevant to the main activities are listed below.

- The customs value of imported and exported goods shall be declared in riel currency (Article 23).
- The Minister of the Economy and Finance may by PRAKAS grant or withdraw authorization for a person to act as a customs broker and establish the locations for which the authorization is valid, and any conditions or qualifications for such authorization. Authorization as a customs broker is granted on an individual basis. When a company is involved, authorization must be obtained for the company and for everyone empowered to represent it (Article 32).

- Customs temporary storage refers to the storage of goods under Customs control in approved premises pending the completion of Customs formalities. The Minister of the Economy and Finance approves licenses for the operation of a customs temporary storage facility (Article 43).
- Customs bonded warehouses are facilities where goods may be placed for a specified period of time under customs control. Placing goods in customs bonded warehouses suspends the application of the duties, taxes and restrictions for which they are liable. There are three categories of customs bonded warehouses, such as public warehouse, private warehouse and special warehouse. The Minister of the Economy and Finance may by PRAKAS determine all matters concerning customs bonded warehouses, including procedures, security guarantees, information requirements, period of storage, and designation of goods that may be admitted to storage (Article 44).
- Goods may remain in customs bonded warehouses for up to two years from the date of registration (Article 46).
- The documents, books, records and other information referred to in the first paragraph of this Article shall be kept for a period of ten years at business premises in Cambodia (Article 51).

(2) The PRAKAS relevant to Customs Clearing

The PRAKS supplementary to the Law on Customs is shown below.

1) Instruction on Implementation of Advance Ruling on Origin of the Goods (Instruction No 2175 GDCE, Ministry of the Economy and Finance)

The GDCE will write the applicant an advance ruling with a full explanation of the reasons for the ruling on tariff classification and origin of the goods within 30 working days.

Advance rulings are in effect for three years from the date of issuance.

In order to ensure predictability, advance rulings may be published in some manner (e.g., on the Internet) with certain information that would not directly identify the applicant or the parties of the import transaction in question.

2) PRAKAS on Customs Declaration Provision and Procedures (Ministry of

Economy and Finance, No 1447 MEF.BK)

The new framework of Customs Declaration Provision and Procedures was started in 2007. The outline is as below;

- All exported or imported goods, whether or not exempt from duties and taxes must be the subject of a customs declaration. The customs declaration form is a Single Administrative Document (SAD) (Praka 1).
- Exported or imported goods must be declared by their owners or by persons that are authorized to carry out customs formalities on the owner's behalf. Persons authorized to carry out customs formalities include:
  - Persons who are authorized as customs brokers by the Prakas of the Minister of the Economy and Finance;
  - Any person who, without exercising the profession of customs broker (Praka 3).

Customs declarations must be made in writing or by electronic means. Provisions and conditions for the submission of customs declarations and related documents by electronic means will be in accordance with Appendix B. Provisions and conditions of this appendix are: 1) Preparation and Printing of SAD, 2) Lodging of the Customs Declaration, 3) SAD Processing Lanes, 4) Query Desk, 5) Container Scanning, 6) Assessment notice, 7) Accounting, and 8) Release of Goods (Praka 4).

3) PRAKAS on Establishment and Functioning of Customs Brokers (Ministry of Economy and Finance, No 115 MEF. BRK)

The new framework for Customs Brokers was started in 2008. The outline is as below;

- It is necessary to pass the Customs Broker Qualification Examination (Praka 5).
- The Customs and Excise Department shall define minimum specialized subjects relevant to the customs broker profession and may organize training courses for persons who intend to take the Customs Broker Qualification Examination (Praka 7).
- The Customs and Excise Department shall organize a Customs Broker Qualification Examination at least once every year (Praka 8).

- A legal person shall only be licensed as a customs broker if at least one employee of the company is a qualified person (Praka 9).
- The license shall be granted for a fixed period of two years (Praka 10).
- All licensed customs brokers must pay an annual license fee of 2,000,000 Riels to the Customs and Excise Department. This fee shall not be refunded (Praka 13).
- Before commencing operations, a licensed customs broker must deposit security with the Customs and Excise Department sufficient to cover duty, taxes, and fees to be paid at any time for its customs clearance operations (Praka 15).

4) PRAKAS on Scanning Fee (Ministry of Economy and Finance, No 316 MEF. BRK)

Scanning Fee is as below:

- USD32 for containers with a size from 40 feet and up.
- USD20 for containers with a size below 40 feet.

5) Inter-ministerial Prakas On Determination of Export/Import Goods Inspection Fee of Cambodia Import Export Inspection and Fraud Repression Directorate-General (CAMCONTROL) (Ministry of Economy and Finance Ministry of Commerce, No. 200)

The Export/Import inspection fee of Cambodia Import Export Inspection and Fraud Repression Directorate-General (CAMCONTROL) shall be determined as in the Annex. This PRAKAS will be started from December 2011.

The following contents are not included:

- Fee for outside office hours and/or expenses in performing the duties of the competent officials outside their official office.
- The inspection fees of other competent institutions.
- Fees of all types of scanner machines and the expenses related to other inspections.

Export/Import Inspection Fees is as in the table below. Regarding the general goods exchanged at borders through ordinary way and means, the inspection fee shall be

totally set at 25,000 riels

Table 2.14 Export/Import Inspection Fees of Goods Shipped by Water/Sea

Inspection Service	Types of Loading	Description	Quantities (unit)	Fee (in riel)
Goods Inspection	Container	1st full container	01	200,000
		2nd full container and subsequent		100,000
		Not full container	01	100,000
	Ship cabin	1st cabin	01	400,000
		2nd cabin and subsequent	01	200,000
	Boat loaded	Boat with the capacity of more than 20 tons	01	180,000
		Boat with the capacity of equal to or less than 20 tons	01	80,000

Source; CAMCONTROL.

Table 2.15 Export/Import Inspection Fees of Goods Shipped by Land

Inspection service	Types of Loading	Description	Quantities (unit)	Fee (in riel)
Goods Inspection	Container	1st full container	01	200,000
		2nd full container and subsequent		100,000
		Not full container	01	100,000
	Truck loaded	With the capacity of more than 10 tons	01	60,000
		With the capacity of equal to or less than 10 tons	01	40,000

Source; CAMCONTROL.

Table 2.16 Export/Import Inspection Fees of Goods Shipped by Air

Inspection service	Types of Loading	Description	Quantities (unit)	Fee (in riel)
Goods Inspection	Pallet	1st pallet	01	160,000
		2nd pallet and subsequent	01	80,000
	Goods as retail packages	Quantities more than 05 packages	01	80,000
		Quantities equal to or less than 05 packages	01	60,000

Source; CAMCONTROL.

Table 2.17 Export/Import Inspection Fees of Liquid Goods

Inspection service	Types of Loading	Description	Quantities (unit)	Fee (in riel)
Goods Inspection	Ship loaded	Liquid goods loaded in 1st cabin	01	160,000
		Liquid goods loaded in 2nd cabin and subsequent	01	80,000
	Truck loaded (tank)	Liquid goods loaded in 1st tank	01	60,000
		Liquid goods loaded in 2st tank and subsequent		30,000

Source; CAMCONTROL.

6) PRAKAS on Determination of Customs Processing Fees on Imported and Exported Goods (Ministry of Economy and Finance, No 989 MEF. BRK)

It has been decided to charge Customs Processing Fees (CPF) on imported-exported goods as follows:

- 60,000 Riels for export or import of goods per container with a size of 20 feet and up with a Full Container Load (FCL) and export or import of petroleum products per customs declaration (document of one administration);
- 40,000 Riels for export or import of goods which are unloaded from a container or loaded into a container with a size of 20 feet or otherwise from the above mentioned per a customs declaration;

The implementation and collection of such CPF in accordance with this PRAKAS will be started from 1 July 2012.

7) Quarantine

Law on Plant Protection and Quarantine is still in the process of drafting since 2011. Regarding the rules and regulations related to Cambodian Quarantine of animal, animal products, phytosanitary and pest is as below:

- Sub-decree no.16 on Sanitary Inspection of Animals & Products (RGC, 13 March 2003).
- Sub-decree no.209 on List of Prohibited & Restricted Goods (RGC, 31 Dec 2007)
- Praka no.100 on Cam-Quarantine-Pest List (MEFF, 10 May 2010).

- Praka no.346 on Procedure-Plant Quarantine Inspection-(MAFF, 10 May 2010).
- Sub-decree no.15 on Phytosanitary Inspection-(RGC,-13 March 2003).
- List of Legislation-rules-CAM Plant Quarantine (MAFF, July 2011)

These Prakas and Sub-decrees aim at determining the procedures for quarantine inspection of import, export and transit, in the Kingdom of Cambodia.

(3) Intergovernmental Agreement on Dry Ports

For the purposes of the Intergovernmental Agreement on Dry Ports, a dry port of international importance shall refer to an inland location such as a logistics center connected to one or more modes of transport for the handling, storage and regulatory inspection of goods moving in international trade and the execution of applicable customs control and formalities. The ASEAN expressway network and a transformer Asian railroad network are also promoted. Dry Ports are the basis for the coordinated development of important nodes in an international integrated intermodal transport and logistics system. The functions of Dry Ports are as below.

- Receipt and dispatch
- Consolidation and distribution
- Warehousing
- Trans-shipment

It is recommended but not required to provide a Dry Port with the following facilities and services:

- A secure area with a gate for dedicated entrance and exit;
- Covered and open storage areas separated for import, export and transshipment, and for perishable goods, high-value cargoes and dangerous cargoes, including hazardous substances;
- Warehousing facilities, which may include customs bonded warehousing facilities;
- Customs supervision, control, inspection and storage facilities;
- Vehicle holding areas with adequate parking space for freight vehicles;
- An administrative building for customs, freight forwarders, shippers, customs brokers, banks and other related agencies; and

- Information and communications systems, which include electronic data interchange systems, scanners and vehicle-weighing equipment.

Cambodia signed this agreement on November 7, 2013 (see the table2.18).

Table 2.18 Latest status of the Intergovernmental Agreement on Dry Ports

Participant	Signature	Approval (AA), Acceptance (A), Accession (a), Ratification
Armenia	7 Nov 2013	
Bangladesh	25 Sep 2014	
Cambodia	7 Nov 2013	
China	7 Nov 2013	
India		17 Dec 2015 a
Indonesia	7 Nov 2013	
Iran (Islamic Republic of)	7 Nov 2013	
Lao People's Democratic Republic	7 Nov 2013	
Mongolia	7 Nov 2013	
Myanmar	7 Nov 2013	
Nepal	7 Nov 2013	
Republic of Korea	7 Nov 2013	22 Apr 2014
Russian Federation	7 Nov 2013	30 Dec 2015 AA
Sri Lanka	16 May 2014	
Tajikistan	7 Nov 2013	20 Nov 2015 AA
Thailand	7 Nov 2013	7 Nov 2013
Turkey	15 Dec 2014	
Viet Nam	7 Nov 2013	29 Oct 2014 AA

Source: UN, ESCAP, “Intergovernmental Agreement on Dry Ports”.

Dry Ports in Cambodia are listed below.

Table 2.19 The List of Dry Ports

Name of Dry Port	Location
CWT Dry Port	Phnom Penh
Olair World Wide Dry Port	Phnom Penh
Phnom Penh International Port	Phnom Penh
Phnom Penh Special Economic Zone	Phnom Penh
So Nguon Dry Port,	Bavet
Tech Srun Dry Port	Phnom Penh
Teng Lay Dry Port	Phnom Penh

Source: UN, ESCAP, “Intergovernmental Agreement on Dry Ports”.

2.3.3 Legal Framework for Cross Border Transportation

(1) CBTA

The Cross-Border Transportation Agreement (CBTA) is a multilateral agreement among Cambodia, Myanmar, Thailand, Vietnam, Laos, and the Yunnan Province of China, which aims to eliminate NTBs (Non-Tariff Barriers) on cross-border transportation in GMS. The CBTA aims to achieve the following four targets:

- Simplification of cross-border procedures (single window/single stop, customs inspection, border open time, and exchange of prior information and customs clearance);
- Simplification of cross-border movement (multiple entry visa, authentication of driver's license);
- Standardization of traffic rules (regional transit resume, animal and plant inspection); and
- Permission for vehicle entry.

The CBTA consists of seventeen protocols and three annexes describing actions to attain the above goals. It covers seventeen international cross-border points in the area in the first stage of implementation. Among these, five points are located in Cambodia (see the figure below).

Source: ADB.

Figure 2.3 Major Cross-Border Points in GMS

The CBTA is applied to entry/exit points and routes mutually agreed upon by the signatory nations. Previously, except for the Ministry of Foreign Affairs, the government officials of Thailand were not permitted to be involved in activities in foreign countries by the National Public Service Law of Thailand. But, because the

statute was revised in 2015, the government officials of Thailand are now able to engage in activities in foreign countries. Progress on a one-stop service is expected soon.

Cambodia has signed and ratified (by the Parliament, Senate and Royal Palace) all the annexes (17) and protocols (3), and deposited (by the Minister of Foreign Affairs) all twenty ratified annexes / Protocols. CBTA status for all six countries is shown in the following table.

Table 2.20 CBTA Status

Item	Description / Title	Countries						
		Cam	PRC	Lao	Mya	Thai	VN	
Annex 1	Carriage of Dangerous Goods	R	R	R	S	S	R	TQ
Annex 2	Registration of Vehicles in International Goods	R	R	R	S	R	R	TI
Annex 3	Carriage of Perishable Goods	R	R	R	S	R	R	TQ
Annex 4	Facilitation of Frontier-Crossing Formalities	R	R	R	S	S	R	C
Annex 5	Cross-Border Movement of People	R	R	R	S	R*	R	I
Annex 6	Transit and Inland Clearance Customs Regime	R	R	R	S	S	S	C
Annex 7	Road Traffic Regulation and Signage	R	R	R	S	R	R	T
Annex 8	Temporary Importation of Motor Vehicles	R	R	R	S	S	R	C
Annex 9	Criteria for Licensing of Transport Operator for Cross-Border	R	R	R	S	R	R	T
Annex 10	Conditions of Transport	R	R	R	S	S	R	T
Annex 11	Road and Bridge Design and Construction Standards & Specifications	R	R	R	S	R	R	T
Annex 12	Border Crossing and Transit Facilities and Services	R	R	R	S	R	R	T
Annex 13a	Multimodal Carrier Liability Regime	R	R	R	S	R	R	T
Annex 13b	Criteria for Licensing of Multimodal Transport Operators for Cross-Border Transport Operations	R	R	R	S	R	R	T
Annex 14	Container Customs Regime	R	R	R	S	S	S	C
Annex 15	Commodity Classifications Systems	R	R	R	S	R	R	C
Annex 16	Criteria for Driving Licenses	R	R	R	S	R	R	TI
Protocol 1	Designation of Corridors, Routes and Points of Entry & Exit Border Crossing	R	R	R	S	R	R	TI
Protocol 2	Charges Concerning Transit Traffic	R	R	R	S	R	R	T
Protocol 3	Frequency and Capacity of Services and Issuance of Quotas and Permits	R	R	R	S	R	R	TI

Note: * Ratified part 1 – 4

Legend:

R: Ratification has completed and finished

S: Signed but Ratification still pending

T: Transport, C: Customs, I: Immigration, Q: Quarantine

Source: JICA, "Data Collection Survey on the Trunk Road Network Planning for Strengthening of Connectivity through the SOUTHERN Economic Corridor", 2013.

Cambodia has CBTA bilateral agreements with three countries, namely: Vietnam, Lao P.D.R. and Thailand. Each country executed different conditions, which are shown as follows.

Table 2.21 Bilateral Agreement Condition

Bilateral agreement	Cambodia	Counterpart countries	Remarks
With Lao	- Quotas allow 40 trucks (now 40 vehicles) - Registered 17 buses (Implemented only 2 buses from PP to Parkse)	- Quotas allow 40 vehicles - Registered 16 vehicles (2 buses, 14 trucks)	- Started from 9 April 2009 through Trapaing Kreal international border. - Passengers only. Goods transport to be implemented later.
With Vietnam	- Quotas allow 500 vehicles - Registered 460 (360 buses, 100 trucks)	Quotas allow 500 vehicles - Registered 500 (Breakdown is unknown)	Started 30 September 2006 - 44 companies in Cambodia (13 passenger transport companies)
With Thailand	Quotas allow 40 vehicles (Non scheduled) - Registered 40 vehicles (36 buses, 10 trucks)	Quotas allow 40 vehicles - Registered 40 vehicles(10 buses, 30 trucks)	Started 14 June 2012. - Not under the agreement, but by the partner contract, 4 buses (scheduled) of each country are operated. (PHN-BKK,SRB-BKK) - In the future, it will be implemented under the framework of an agreement as had been implemented with Vietnam and Lao.

Source: IRITWG, "Overview of the Transport Infrastructure Sector in Kingdom of Cambodia (5th Edition)", 2015.

Currently, 460 Cambodian-registered vehicles are permitted to travel in Vietnam. However, there are only a small number of trucks in Cambodia because buses are given priority over trucks in the country. Cambodia plans to increase the number of trucks to 500. The Cambodian Government has adopted the registration system about the mutual vehicle license. A company, which has business license in Cambodia, is able to acquire the license by application to MPWT.

(2) Agreement between the Government of the Socialist Republic of Vietnam and the Royal Government of Cambodia on Waterway Transportation

Promoted by the desire to promote the friendship between the two nations, to accelerate initiatives for the encouragement of international trade and international collaboration on the basis of equality and the common benefit.

Desiring to facilitate waterborne transportation of cargo and passengers between the two countries as well as transit transportation of cargo and passengers to and from third states within the territory of Vietnam and Cambodia.

The purpose of the agreement is as below.

- To establish a legal framework for the effective implementation of navigation in the Mekong River system, and
- To create favorable conditions for transit and cross border navigation within the regulated waterways.

Even if it is outside working hours, when a logistics company requests in advance, the cross-border procedure governmental agency has to be accepted.

Moreover, on the Vietnam side, the conference for speed up transportation based on the agreement was organized in 2013. Cambodia side prepares to set up this conference.

The waterway map is as the figure below.

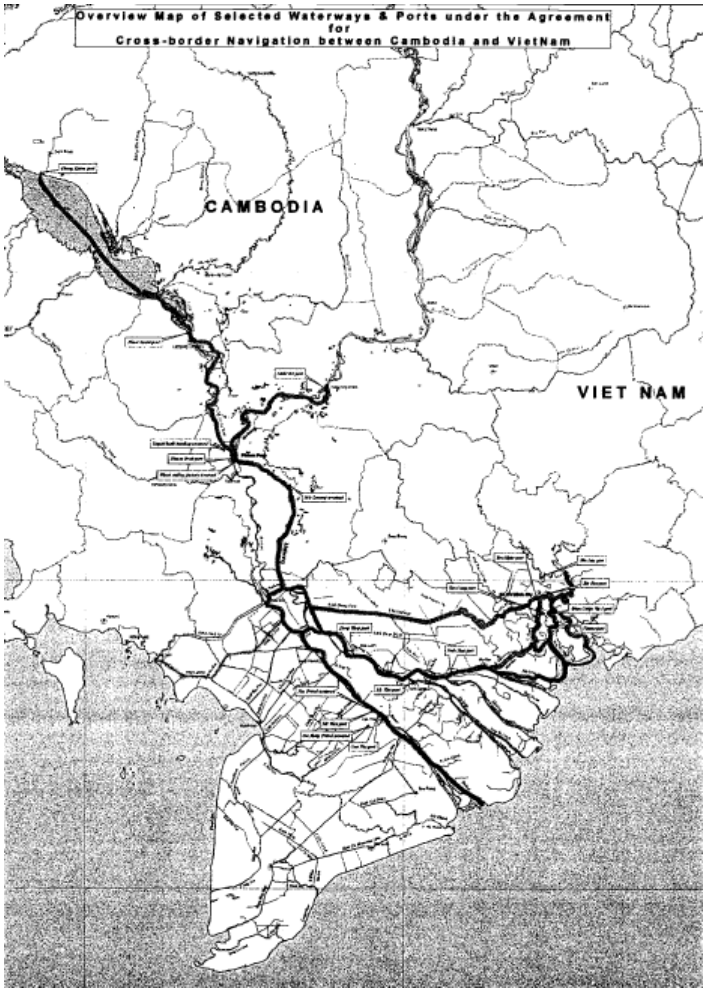


Figure 2.4 Waterway Map

2.3.4 Legal Framework for Investment

The following are the three investment related laws of Cambodia.

- The Kingdom of Cambodia investment law (August 4, 1994 official announcement),
- The sub-decree of the organization and function of the Cambodian Development Council (June 26, 1995, May 21, 1999 revision), and
- The sub-decree about investment law for enforcement in the Kingdom of Cambodia (December 29, 1997 official announcement, June 11, 1999 revision).

According to the above-mentioned law and sub-decrees, the minimum amount of both domestic and a foreign investment is 500,000 U.S. dollars or more. The minimum investment amount in some specific sectors is 1 million U.S. dollars or more. Regulation regarding the minimum amount of investment is the lowest level in ASEAN countries.

An investor is obligated to apply for a prior permit from the Cambodian Development Conference (CDC) to obtain the favor and preferential treatment for the investment.

Moreover, the investment of the above-mentioned has specified the regulated sectors and the encouraged sectors. The encouraged sector includes export oriented industries, agriculture, and the processing industries.

Table 2.22 The Investment Fields (the Regulated and the Encouraged Fields)

Regulated field	The telecommunication sector, natural resource development sector
Encouraged field	1) Pioneer industry and high-tech industry 2) Creation of employment 3) Export oriented industry 4) Tourism industry 5) Agriculture and agro-processing industry 6) Infrastructure and energy sector 7) Rural Development 8) Environmental protection sector 9) Investment in a special encouragement area

Source: JICA Study Team.

The contents of the preferential treatment in the encouraged field are as follows.

- The corporation tax is exempted until a profit occurs. The corporation tax is continued for three years after the fiscal year in which the profit is made. Furthermore, for preferential treatment, an exemption period for two to five years may be added. For preferential treatment, corporation tax exemption for

a maximum of nine years is carried out.

- An extraordinary depreciation measure is given to reinvestment of profit.
- The imported capital goods and raw material are exempted from taxation or it is reduced.
- 100% of export duties are exempted.
- The approval application is simplified.

In the foreign funding preferential treatment other than the investment-encouraged field, 100% capital possession and incorporation by foreign investors are accepted. Moreover, the freedom of a foreign currency deposit and remittance are secured as preferential treatment.

The treaty for the avoidance of double taxation between Japan and Cambodia has not been concluded yet. The Japanese companies are asking for the conclusion for the avoidance of double taxation.

Article 44 of the constitution accepts the land ownership of the individual except for foreigners and foreign companies. The foreign investor can rent land for a maximum of 70 years. Furthermore, the lease of the land can be updated continuously.

However, the land ownership system of Cambodia collapsed in the civil war. In the civil war period, many land titles and registrations of land ownership were lost. Therefore, there is still much argument regarding land ownership in Cambodia.

A Japanese company tends to set up in SEZs. The major reason is the risk aversion concerning land ownership.

2.4 Current Situation and Future Plan of Transportation infrastructure Development

2.4.1 Ports

(1) Sihanoukville Port

1) Administration

Sihanoukville Port is the sole international and commercial deep-sea port of Cambodia, with a container terminal facing the ocean. The Sihanoukville Autonomous Port (PAS), the administrator and operator of the Port, has approx. 900

employees. Just as done by PPAP in December 2015, an Initial Public Offering (IPO) is being prepared by PAS for its 20% stakes, which will be implemented by the middle of 2016.

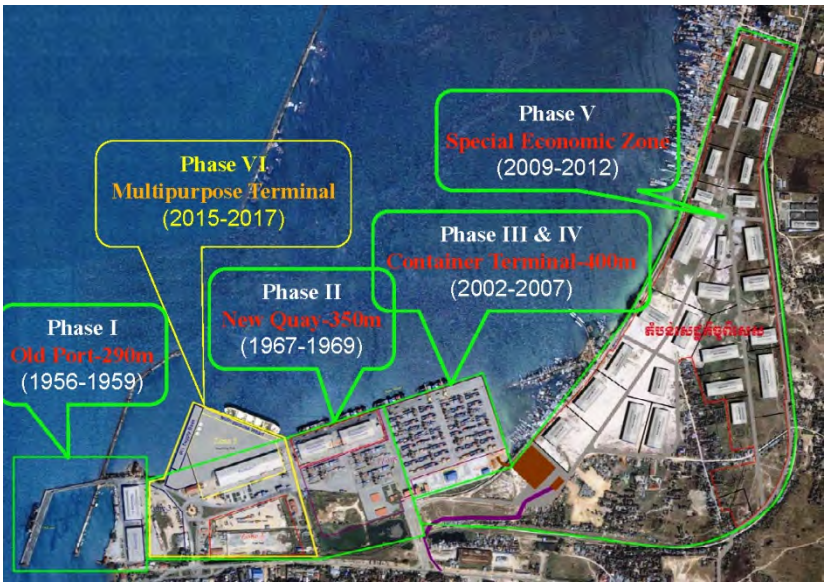
Source: Toyo Construction Co., Ltd.

Figure 2.5 Arial View of Sihanoukville Port

2) Facilities

The facilities have been developed with the support of Yen Loans; the container terminal was developed in 2007, the Sihanoukville Port SEZ was developed in the immediate hinterland in 2012, and the multi-purpose terminal and oil supply base are under construction toward 2017.

As the rehabilitation of the Southern Railway Line has been completed in December 2012 with the support of Asian Development Bank and Australian Agency for International Development, the rail yard was constructed on the land side of the Port area. The Royal Railways of Cambodia (RRC) started the transportation of containers by rail in 2014 between the Port and the PAS dry port located in the suburb of Phnom Penh.



Source: PAS

Figure 2.6 Phased Expansions at Sihanoukville Port

Table 2.23 Berths of Sihanoukville Port

		Year Operational	Berth Length (m)	Berth Depth (m)
Old Port	Passenger	1960	290	8.4
	General Cargo		290	9.0
New Quay		1969	350	9.0
Container Terminal		2007	400	10.5
Multi-Purpose Terminal		2017	260	13.5
Oil Supply Base		2017	200	7.5

Source: PAS

Source: Study Team, Google Inc.

Figure 2.7 Layout of the Facilities at Sihanoukville Port

3) Operations

a. Loading/Discharging

Loading/discharging operations are done with two quay cranes and seven RTGs. The berthing windows and stevedore work are concentrated on weekends (from Friday evening to Monday morning) to cope with the export shipments of garment products. At the peak time, since two units of quay cranes are not sufficient to cover all the ships, the ship's gear are used concurrently. According to the "Project for Capacity Development on Container Terminal Management and Operation in Sihanoukville Port", the Port's gross productivity per crane marked 25.3 moves per hour (MPH) in average for the year 2015.

b. Handling at the Rail Yard

Two reach stackers and six tractors are used for container handling at the rail yard; 80 TEUs per train on weekends (Fri, Sat, Sun) and 60 TEUs on weekdays. Two

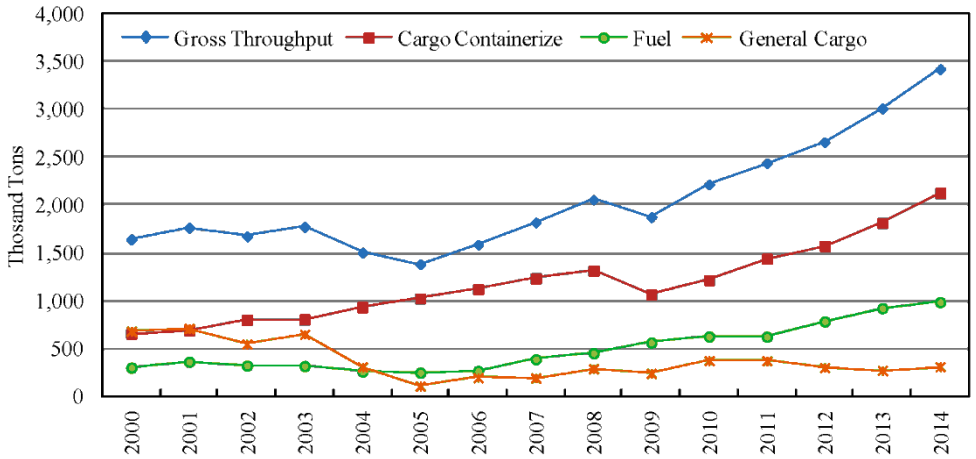
trains are handled in a day on weekdays. Currently, the containers carried by rail are all empties for shipping lines' positioning from the Port to the Phnom Penh area. In order to promote the rail transportation for export containers, PAS has introduced an incentive so that the single lift-off charge of USD 40 shall cover all the works from wagon pick-up to yard stacking.

c. Turn-Time of External Trucks

According to the "Project for Capacity Development on Container Terminal Management and Operation in Sihanoukville Port", the average turn-time of external trucks was 55 minutes in December, 2013 and it has not been improved until January, 2016. It is for this reason that some of the trucks entering into the Port with export containers tend to stay inside a long time waiting for the import containers to carry on their return trips. This situation may not be changed until additional RTGs are introduced by PAS.

4) Cargo Handling Volume

Historical cargo volumes handled at Sihanoukville Port are shown in Figure 2.8 below. The number of containers has been growing remarkably, while general cargo is staying flat.



Source: PAS

Figure 2.8 Historical Cargo Volumes at Sihanoukville Port (2000-2014)

Table 2.24 shows the volume of cargoes and the number of ships handled in recent years.

Table 2.24 Volume of Cargoes and Number of Ships Handled at Sihanoukville Port (2011-2015)

('000 tons)

			2011	2012	2013	2014	2015
Imports	Containers	Rice			1	5	4
		Others	944	1,045	1,071	1,295	1,403
		Sub Total	944	1,045	1,072	1,300	1,407
	Break Bulk, Dry Bulk	Steam Coal	161	68	54	91	100
		Machinery	65	57	54	50	62
		Genral Cargoes	41	70	70	51	41
		Steel	35	62	39	26	10
		Cement	16	18			
		Sugar	3				
		Rice				4	
		Sub Total	321	275	217	222	213
	Liquid Bulk	Fuel	625	785	924	987	1,125
		Sub Total	625	785	924	987	1,125
	Imports Total		1,890	2,105	2,213	2,509	2,745
Exports	Containers	Rice	148	179	318	184	392
		Others	350	348	426	643	581
		Sub Total	498	527	744	827	973
	Break Bulk, Dry Bulk	Tapioka Chips			34	87	39
		Wood Chips	50	19	19		
		Sugar					6
		Machinery		1	1	1	
		General Cargoes	1		1		
		Steam Coal		8			
		Dry Bulk Sub Total	51	28	55	88	45
	Exports Total		549	555	799	915	1,018
Total			2,439	2,660	3,012	3,424	3,763

(unit)

		2011	2012	2013	2014	2015
Ship Calls	Container Ship	400	443	506	504	650
	General Cargo /Bulk Ship	230	198	178	282	277
	Tanker	232	266	283	292	329
	Passenger Ship	15	34	21	25	36
Total		877	941	988	1,103	1,292

Source: PAS

Table 2.25 shows the recent container throughput at the Port. The throughput for the year 2015 has reached nearly 400,000 TEUs.

Table 2.25 Container Throughput at Sihanoukville Port (2011-2015)

(TEUs)

		2011	2012	2013	2014	2015
Import	Full	106,364	121,023	128,688	152,640	167,125
	Empty	19,158	13,695	19,388	20,399	28,729
	Sub Total	125,522	134,718	148,076	173,039	195,854
Export	Full	70,163	69,607	89,802	103,074	121,463
	Empty	42,266	51,053	48,572	57,791	74,502
	Sub Total	112,429	120,660	138,374	160,865	195,965
Total		237,951	255,378	286,450	333,904	391,819

Source: PAS

Commodity-wise volumes of container cargoes are shown in Table2.26 below. Fabric (material for garments) is the major commodity of imports, and rice and garments are the majority of exports.

Table 2.26 Commodity-wise Volumes of Container Cargoes at Sihanoukville Port (2015)

('000 tons)

Import	Fabric	230
	Machinery	48
	Garment	45
	Rice	4
	Others	1,080
	Sub Total	1,407
Export	Rice	392
	Garment	378
	Others	203
	Sub Total	973
Total		2,380

Source: PAS

(2) Phnom Penh Port

1) Administration

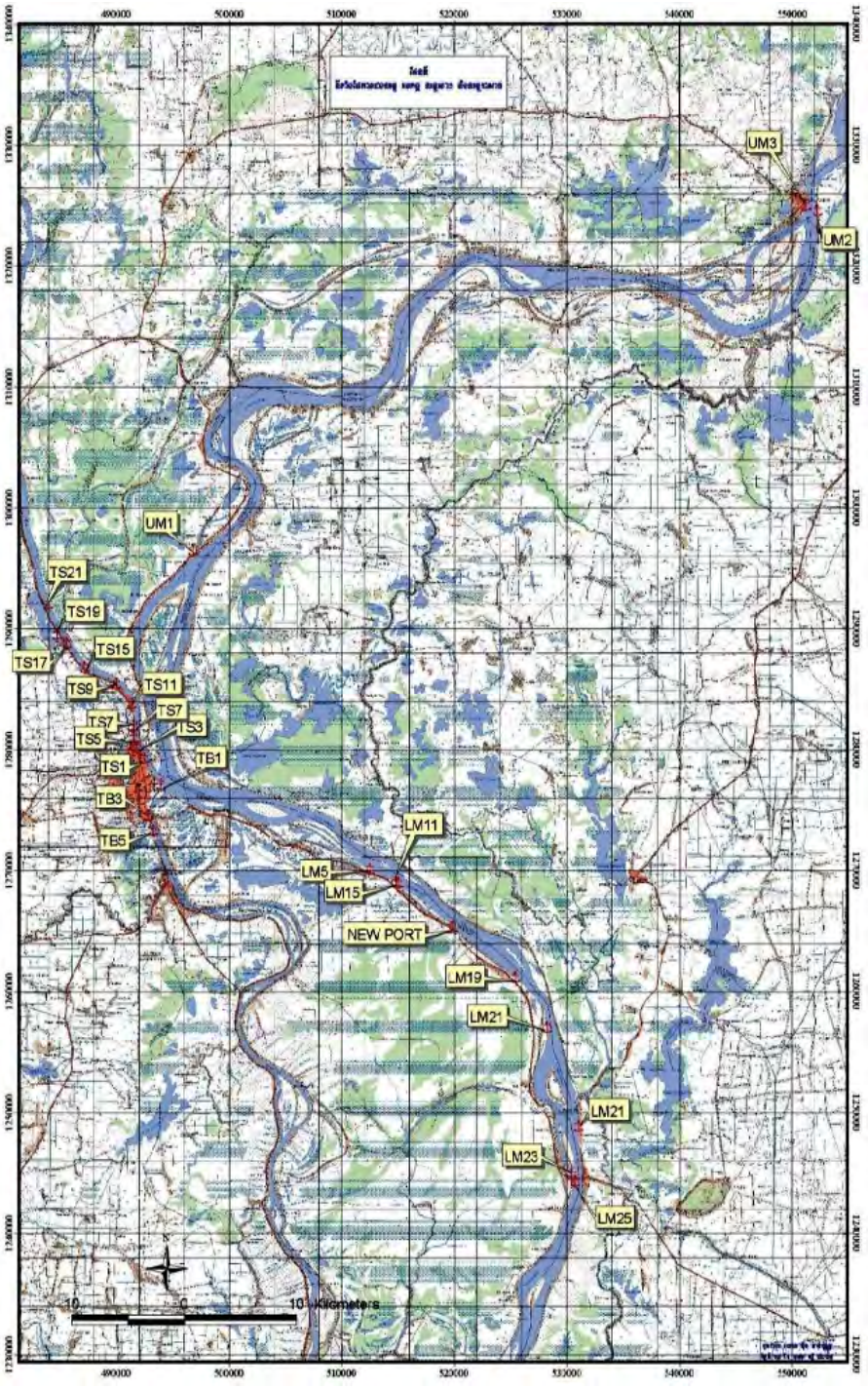
Phnom Penh Port is the second largest port and the largest river port in Cambodia. The Port commenced its operation in 1905. Phnom Penh Autonomous Port (PPAP), the administrator and operator of the Port, was established in 1998 as a public enterprise wholly owned by the Ministry of the Economy and Finance. PPAP listed its 20% stake on the Cambodia Securities Exchange on December 9, 2015, and raised USD 5.2 million.

In 2009, RGC awarded PPAP an exclusive river port-operating license within the

"Port Commercial Zone" as below; prior consultation with PPAP is required for any port development by other parties in this zone.

- from Phnom Penh to Neak Leung on the lower Mekong River (56km)
- from Phnom Penh to Tonle Bet on the upper Mekong River (105km)
- Tonle Sap River in Phnom Penh (7km)

Port Commercial Zones are indicated along with existing river ports in Figure 2.9.



Source: PPAP "Disclosure Document for initial Public Offering of Equity Securities"

Figure 2.9 Map of Port Commercial Zones and Existing River Ports

2) Facilities

The four terminals listed in Table 2.27 are currently operated by PPAP. The code numbers in the Table correspond with those in Figure 2.9 above.

Table 2.27 Terminals Operated by PPAP

No.	Terminals	Code	Rivers	Type of cargo	Berth Specifications		
					Length (m)	Width (m)	Depth (m)
1	Passenger Terminal	TS 1	Tonle Sap	Passenger	45	15	5.3
2	Multipurpose Terminal	TS 3	Tonle Sap	General Cargo / Container	300	20	6.3
3	New Container Terminal	LM 17	Lower Mekong	Container Terminal	300	22	10
4	Tonle Bet Terminal	UM 2	Upper Mekong	General Cargo	N/A	N/A	5

Source: PPAP "Disclosure Document for Initial Public Offering of Equity Securities"

3) Operations at the New Container Terminal (LM17)

The New Container Terminal commenced its operation in January 2013. Since then, all the container barges have been docked at the New Container Terminal. The old terminal is now handling conventional cargoes only.

Source: PPAP

Figure 2.10 Arial View of the new Container Terminal

The New Container Terminal has an annual handling capacity of 150,000 TEUs. The following cargo handling equipment is used:

- Rail-mounted mobile cranes: 3 (including 2 owned by KAMSAB)
- Floating cranes: 2 (owned by Sovereign, exclusively used for its barges)
- RTGs (one over 7): 4

- Reach stackers: 3

Most of the barges sail on weekends (from Friday evening to Sunday morning). Net productivity per crane is reaching 18 MPH, a rather high level for the use of mobile cranes. The terminal gate is operational 24/7 without cut-off time. “Phaeros” is used for the terminal operating system (TOS). Two scanning machines are equipped

4) Cargo Handling Volume

Table 2.28 shows the volume of cargoes and the number of ships handled in recent years.

Table 2.28 Volume of Cargoes and Number of Ships Handled at Phnom Penh Port

('000 tons)

			2010	2011	2012	2013	2014	2015 (9 months)
Imports	Containers	Laden	258	308	379	396	572	529
		Empty	10	21	25	36	44	43
		Sub Total	268	329	404	431	615	572
	Break Bulk, Dry Bulk	Fertilizer		3	17	45	7	50
		Coal	18	40	29	25	43	30
		Steel products	13	13	23	22	1	23
		Wheat	8	6		11	26	23
		Animal food			7	3	4	19
		Soy bean						19
		Others	18	23	27	25	127	18
		Sub Total	57	84	102	132	209	182
	Liquid Bulk	Fuel	868	853	825	631	605	507
		Sub Total	868	853	825	631	605	507
	Imports Total		1,194	1,266	1,331	1,195	1,429	1,262
Exports	Containers	Laden	141	211	247	324	380	291
		Empty	34	23	23	18	26	19
		Sub Total	175	234	270	342	407	310
	Break Bulk, Dry Bulk	Molasses					28	26
		Sugar				25	22	
		Dry Cassava			13	4	2	6
		Rice		10	1	1		
		Others	8	0	0	3	9	0
		Sub Total	0	10	14	30	53	32
	Exports Total		182	244	284	374	468	342
Total			1,376	1,510	1,615	1,569	1,897	1,604

(unit)

		2010	2011	2012	2013	2014	2015 (9 months)
Ship Calls	Container Ship (Barge)	451	581	634	670	714	672
	General Cargo Ship	106	109	163	207	264	333
	Product Tanker	878	885	787	527	447	423
	LPG Tanker	1	8	46	50	36	34
	Passenger Ship	129	159	236	259	283	304
	Total	1,565	1,742	1,866	1,713	1,744	1,766

Note: The figure for 2015 represents the total of the 9 months from January to September

Source: PPAP

Table 2.29 shows the recent container throughput at the Port. The figure for 2015 represents the total of the nine months from January to September. PPAP announced in January 2016 the 12-month total figure as 144,813 TEUs,

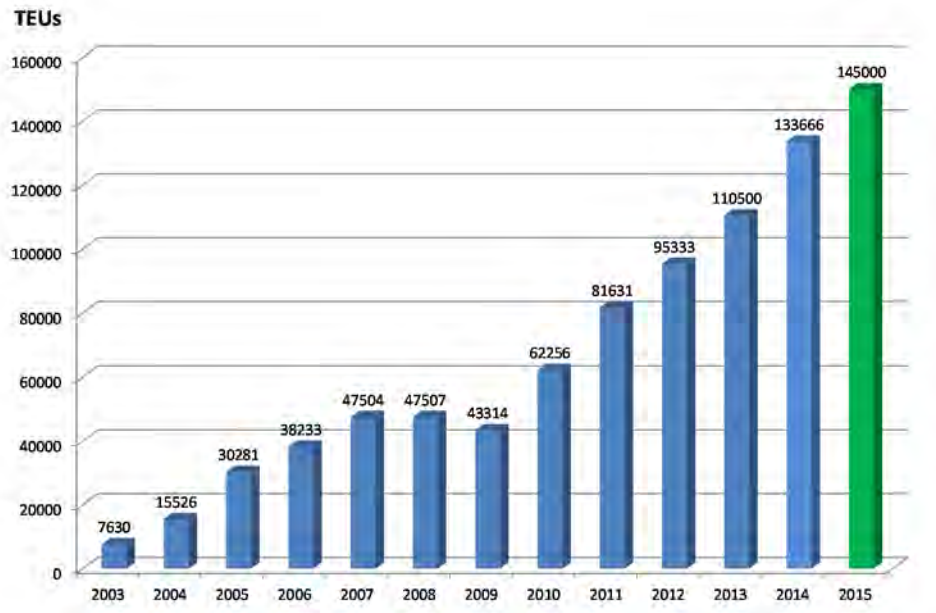
Table 2.29 Container Throughput at Phnom Penh Port (2010-2015)

		2010	2011	2012	2013	2014	2015 (9 months)
Imports	Laden	21,369	25,344	29,627	28,924	39,412	33,726
	Empty	5,940	10,124	12,877	22,068	22,693	22,042
	Sub Total	27,309	35,468	42,504	50,992	62,105	55,768
Exports	Laden	24,276	35,696	41,961	49,501	59,003	44,261
	Empty	10,671	10,467	10,868	10,007	12,558	8,731
	Sub Total	34,947	46,163	52,829	59,508	71,561	52,992
Total		62,256	81,631	95,333	110,500	133,666	108,760

Note: The figure for 2015 represents the total of the 9 months from January to September

Source: PPAP

The Port's throughput has made remarkable growth since 2009 when the barge transportation services began on a regular basis. The yearly growth rate on average for the six years from 2009 until 2015 amounts to 22.3%.



Note: The figure for 2015 represents a forecast

Source: PPAP

Figure 2.11 Historical Container Throughputs at Phnom Penh Port (2003-2015)

(3) Steung Hav Port

1) Current Status

Steung Hav Port is located in Steung Hav District, Preah Sihanouk Province, and is

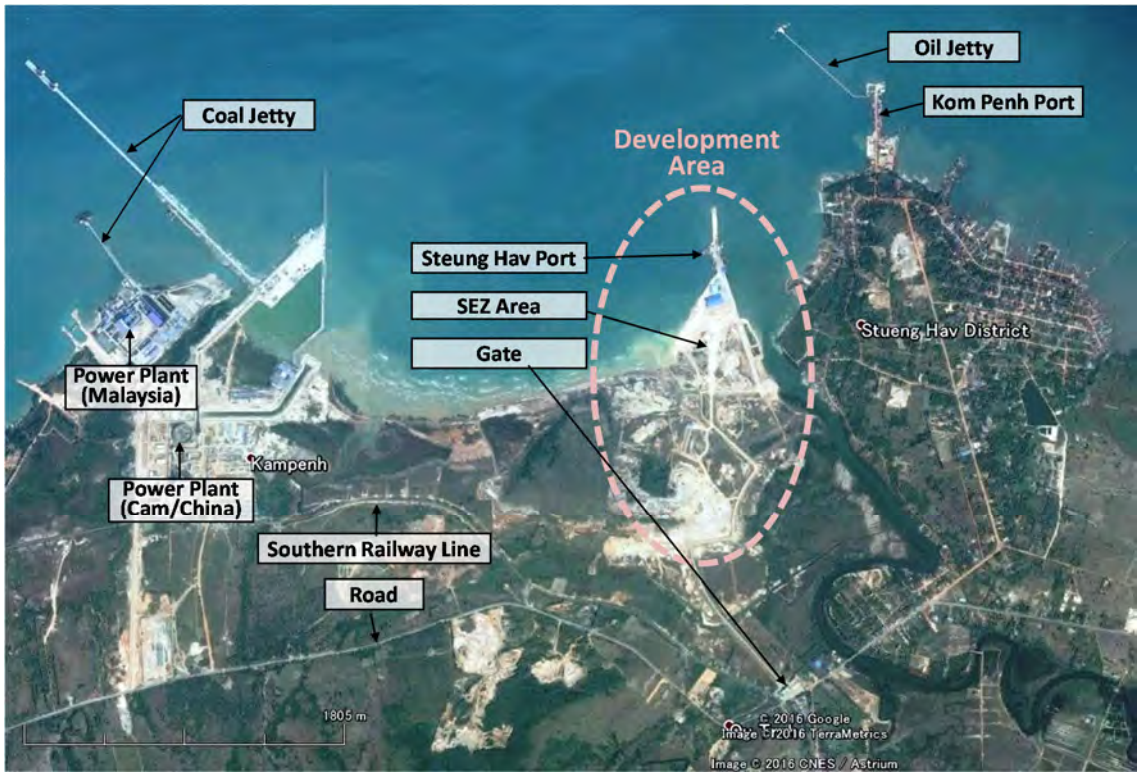
approximately 20 km northeast of Sihanoukville Port. The Port is being developed together with the hinterland by LCH Investment Group, a Chinese-Cambodian conglomerate. The development has four phases and commenced in 2009. Currently the following facilities constructed in Phase 1 are in operation; a small-scale conventional berth with 12m depth, gate, administration building and road to the berth. 192ha of Steung Hav SEZ, already licensed by CDC, is supposed to be developed in the immediate hinterland, however ground leveling has not been done yet, and the tenants have not been determined either.

On the west of Steung Hav Port, Cambodia's first coal-fueled power plant with 100MW capacity started operation on a BOT basis by Cambodian Energy Limited, a subsidiary of Malaysian Leader Universal. The power plant has the port facilities such as a coal jetty with unloaders and coal conveyers stretching to the plant. Next to this, another power plant (120MW×2) is under construction by CIIDG Erdos Hongjun Electric Power, a Cambodia/China joint venture.

2) Future Development Plans

According to LCH, a plan was proposed by a major overseas container terminal operator to develop a new container terminal with the breakwater to be stretched offshore of Steung Hav Port. Once realized, it may be competing with the expansion project of Sihanoukville Port. It is otherwise presumed that the proposer may be aiming at a participation in the operation of the expanded part of Sihanoukville Port, avoiding a large amount of investment in Steung Hav Port.

LCH also has an inquiry regarding the development of a supply base and oil tanks on the land side of Steung Hav Port, which is to serve the on-going oil exploration project by Kris Energy.



Source: Study Team, Google Inc.

Figure 2.12 Steung Hav Port and Surroundings

Source: Study Team.

Figure 2.13 Steung Hav Port

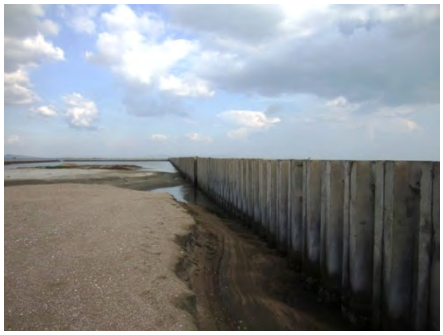
(4) Kampot Port

On the west side of the Kampot River mouth, a large-scale development is proposed by two private firms; one is Kampot SEZ Co., Ltd. to develop Kampot SEZ and

Kampot New Port. The total reclamation area is said to be 1,000 ha including 145 ha of SEZ area already licensed by CDC. Due to the shallow depth of water in the area, it is supposed to be the site for factories or power plants with a mid-size port facility. The other is Keo Chea Property Development to develop a resort and residential area with the reclamation of 200 ha. The construction works seem to be taking long time, as both of them are reportedly in court cases with the local villagers regarding the conservation of coastal fishery.

Source: Study Team, Google Inc.

Figure 2.14 Development Areas in Kampot Province




Source: Study Team

Figure 2.15 Reclamation Site of Kampot SEZ Co.

2.4.2 Water Transportation

(1) Present State of River Navigation

Cambodia's navigable inland waterways measure a total length of 1,750km. Most of the major river ports are located along these major rivers. The Mekong mainstream accounts for 30% of the total, the Tonle Sap River 15%, the Bassac River 5%, and other tributaries 50%. Year-round navigation is possible through the 580km length and one-third km width of the river.

For the 102 km stretch between Phnom Penh and the Cambodian-Vietnam border, the bends of the river prevent the passage of vessels more than 110m long. To travel from Phnom Penh to the South China Sea, currently vessels must take the Mekong route in Cambodia and also the Mekong route in Vietnam. It is necessary to wait for high tide to pass the most difficult path, which is located at the mouth of the Mekong River.

Source: Mekong River Commission

Figure 2.16 Regulated Waterways between Cambodia and Vietnam

Source: JICA Study Team.

Figure 2.17 Ports and Channels in Mekong and Bassac Rivers

Table 2.30 Minimum Navigation Channel Dimensions In Cambodia

Class		Minimum navigation channel dimensions					
	Tonnage DWT (T)	Depth T (m) (a)	Width B (m)	Bent Radius R (m)	Bridge span (m)	Bridge Height H (m)	Electric wires height
0a (b)	7,000-10,000	8,8	66-88 (c)	960	88-132 (d)	37,00	39,00
0b	5,000- 7,000	8,0	57-76	840	76-114	32,00	34,00
0c	3,000- 5,000	7,0	48-64	750	64- 96	26,50	28,50
0d	1,000- 3,000	6,2	42-56	660	56- 84	21,00	23,00
Ia	(e) 800- 1,000	4,5	36-48	600	48- 72	15,50	17,50
Ib	600- 800	4,0	33-44	540	44- 66	14,00	16,00
Ic	400- 600	3,4	30-40	480	40- 60	12,50	14,50
II	100- 400	2,9	27-36	420	36- 54	10,50	12,50
III	70- 100	1,9	20-26	168	26- 39	4,00	6,00
IV	30- 70	1,4	11-14	90	14- 21	3,00	5,00
V	10- 30	1,1	8-10	78	10- 15	2,00	5,00
VI	< 10	< 0,9	6- 8	66	8- 12	1,50	5,00

(a) T (m) = Ts (m) + DT (m) with DT (m) = 10% Ts (m)
(b) Class 0 for river navigating sea-going vessels
(c) Narrow (3 x Bs)-normal (4 x Bs)
(d) One way traffic (4 x Bs)-two way traffic (6 x Bs)
(e) Container feeder barges up to 2000 DWT

Source; Water Transportation Facilitation Committee in Cambodia

(2) Mekong River

The following passage is a quotation from documents of the Mekong River Commissions.

1) Phnom Penh PPAP NCT LM17 to Cambodia - Viet Nam border

The river is generally deep, straight and shows only a few shallows. There is heavy erosion of the right bank between km 307.0 and Km 314.0 and many banks of the protections in front of industrial land and LPG-tank farms have failed. The Vietnamese border is at Km 251.0. There are no other difficulties worth mentioning for shipping, even for sea going vessels with a draft of 7.0 m, between the border and the new Container Terminal of the Port of Phnom Penh.

2) Cambodia – Viet Nam border to Junction Vam Nao River to Entrance Cho Gao Canal

The Mekong mainstream is generally deep, with large bend radii for sea going vessels and few shallows. The entire stretch is well equipped with aids to navigation: buoys, shore marks and leading lines. In some areas, the waterway is very busy. The "physical" barriers or navigation problems are mainly related to shallows and sometimes-short bend radii with poor visibility.

The Mekong mainstream here has water depths of minimum 8.0 m deep below chart

datum except at a few points. Until the city of My Tho, the river keeps its water depth of 8.0 m. However, navigation in this area is very dense and sea going vessels have been allocated their own channel, which is properly marked by buoys.

3) Cho Gao Canal to Ho Chi Minh and Cai Mep

The shipping route is a labyrinth of canals and rivers (belonging to the Saigon River Delta) for reaching the ports of Cai Map by barge. All of them are extremely busy and a great number of small domestic vessels and local passenger boats are all over the place, making it even more difficult for bigger vessels and barges to proceed through the canals. That's why they are requested to reduce their speed and use extreme caution, especially in the bends. The total length of the canal is 28.6 Km and it consists of three sections:

- Rach La section: 10.2 Km
- Cho Gao section: 11.6 Km
- Rach Ky Gon section: 6.8 Km

VIWA Statistics show that per day 1,400 boats between 200 DWT and 1,000 DWT circulate on the canal. In peak days, this can even reach 1,800 boats per day. Traffic congestion and accidents are therefore frequent. Increasing erosion of the riverbanks is a result of the heavy congestion and is a cause of concern.

The canal is actually being upgraded in different phases. Side by side is being dredged, deepened and widened, including bank protection, the first half competed in 2014. The second half will start at the end of 2015.

4) Entrance Cho Gao Canal to Cua Tieu - Mekong Mainstream Mouth

The Mekong mainstream mouth in the South China Sea (Cua Tieu) is only navigable for commercial navigation at high tide. Water depth at low tide over the bar of Cua Tieu, which extends eleven miles from the entrance, can be less than 1.2 m and because of the tidal currents and corresponding sediment transport, it is impossible to maintain a sufficiently deep navigation channel.

So, the allowable draft of vessels crossing the Cua Tieu depends on the depth of water on the bar plus the tide at Mui Vung Tau (tidal LLW = – 0.3 m CD, tidal HHW

= + 4.0 m CD at spring tide).

Source; Mekong River Commission

Figure 2.18 Cho Gao Canal to Ho Chi Minh and Cai Mep

(3) Bassac River

The following passage is a quotation from documents of Mekong River Commissions.

1) Junction Mekong - Vam Nao River to Entrance Vam Nao Pass in Bassac River

The Western channel (towards the Vam Nao and the Bassac) has until the entrance of the Vam Nao pass water depths of 8.0 m and more. The Vam Nao pass is a natural connection between the Mekong mainstream (Tien) and the Bassac River (Hau) being 6.0 Km long and about 490.0 m wide. It is the only natural connection between these two important waterways: the others are man-made canals from which a few are to be upgraded to have access for vessels and barges of up to 2,000 DWT.

The Vam Nao pass connects to the Hau (Bassac) with a sharp curve with approximately 1,050 m radius. Sea going vessels of 5,000 DWT and 10,000 DWT have problems as they need about 2,500 m radius (PIANC recommendations). During the flood season the current may be another additional problem, especially for downstream vessels.

2) Entrance Quang Chanh Bo Canal to Quang Chanh Bo Canal mouth in the sea

The Quan Chanh Bo canal was approved by Decree of the Ministry of Transport nr. 3744/QD-BGTVT of 30 November 2007 whilst adjustments to the project were approved by Ministerial Decree nr. 2368/QD-BGTVT of 09 August 2013. The major works consist of:

- A navigation channel of 44.0 km in length (12.0 km in the Hau River, 19.0 km in the Quan Chanh Bo Canal, 8.0 km in the Tat Channel and 5 km sea channel);
- A South breakwater of 2.4 km in length;
- Bank revetments along the Tat channel;
- 5 km of road construction for the local residents, South of the Tat channel;
- One new Ferry;
- A Barge berth (500 t);
- A channel management station;
- Aids to navigation system over the entire project.

Total cost of the works is estimated at 9,781 billion VNDong (450 million US$). These works have been financed by the Ministry's own budget. They are scheduled to be completed in 2017. This project will allow ships of 10,000 DWT fully laden and 20,000 DWT with reduced load to enter the Bassac.

Source; Mekong River Commission

Figure 2.19 Vam Nao Pass

Source; Vinamarine

Figure 2.20 Quang Chanh Bo Canal

(4) Future Plan

1) Mekong River

1000 DWT river barges are utilized currently for the Mekong inland water

transportation. It is exanimating to introduce 2000DWT barges up to 2020. By the support of the World Bank, the first phase improvement work of Cho Gao Canal on the way in Vietnam. A short cut waterway to Cai Mep will be put in operation by the completion of this project.

There is no huge scale-dredging project in the mouth of the Mekong River but regular maintenance dredging is required at the point of 234km.

2) Bassac (Hau) River

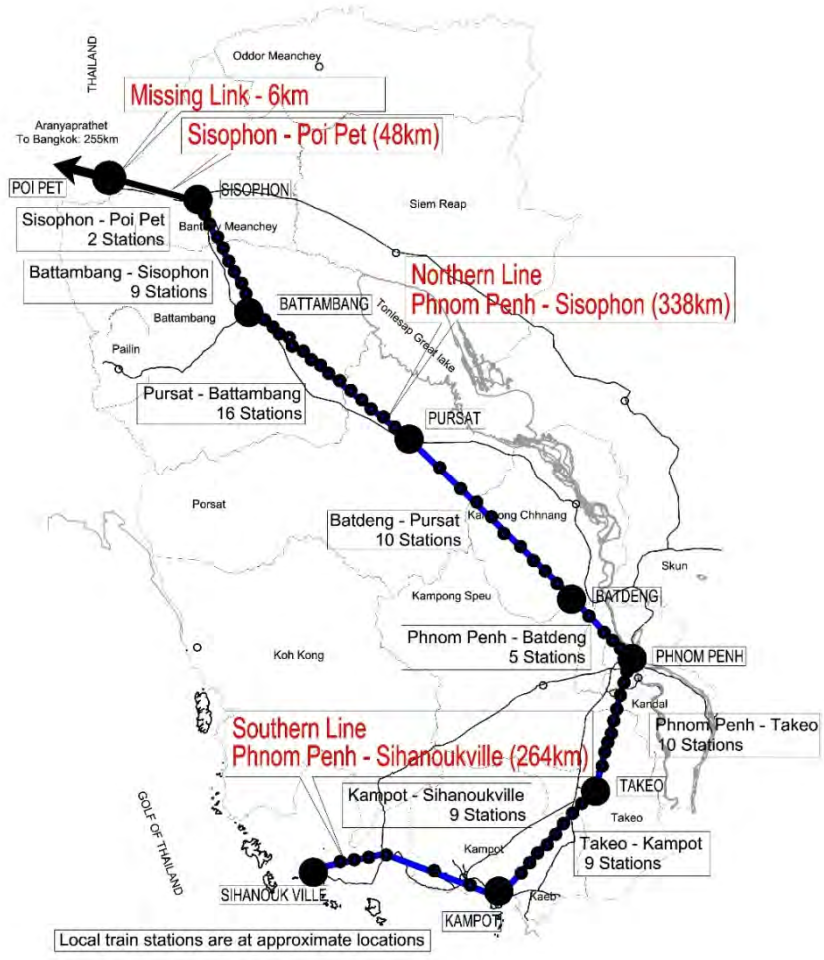
5000DWT river barges and 2000DWT ocean going vessels are planned to be introduced to Phnom Penh New Port passing Vam Nao Pas. For this purpose, the dredging of Vam Nao Pass is required. In 2040, Quang Chan Bo Canal will be completed in the river mouth; the ocean-going vessels will be able to enter the river without any problem.

2.4.3 Railway in Cambodia

(1) Cambodia's Railway System

Although Cambodia's land area covers approximately 181,035 km2, the country has only two railway lines, with a total length of 650 kilometers. Until the late 1990s Cambodia's rail network was in poor condition as a result of the prolonged civil conflict and decades of neglect. Rehabilitation is underway.

Recent initiatives by the government and development partners to revitalize the railways have raised the prospect of stronger economic growth and closer trade ties between Cambodia and countries in the Southeast Asia region and beyond.



Source; MPWT

Figure 2.21 Railway Network in Cambodia

(2) Background of Cambodia's railway

Until 1969 the Cambodian railway system was in good condition, and the amount of rail transport reached its peak just before the beginning of the civil war in 1970. The war not only interrupted rail operations but also caused considerable damage to the rail network. The 48km section of the line that linked Sisophon to the Thai–Cambodian border, for example, was completely destroyed during the war.

(3) Legal framework for Cambodia's railway system

Initially, the main institution responsible for Cambodia's railways was the state-owned public enterprise Royal Railway of Cambodia (RCC), which was established in 2002. A combination of a lack of funds, poor maintenance of the

railroad, train delays and cancellations resulted in the government granting Australian company Toll Holdings a 30-year concession agreement to rehabilitate the entire railway network in 2009. At this point the legal status of the Royal Railway of Cambodia was terminated and a new Department of Railways was created within the Ministry of Public Works and Transport (MPWT).

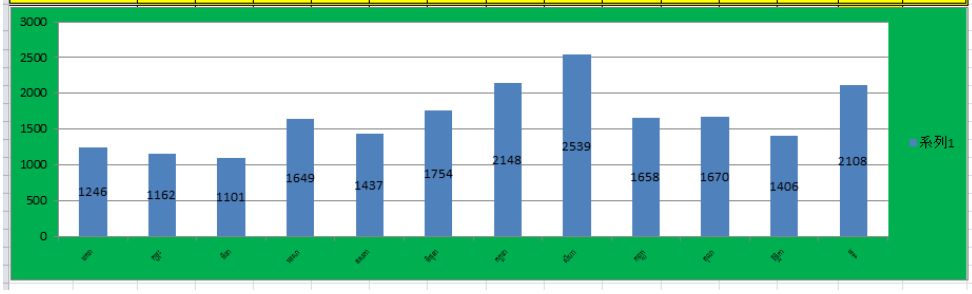
(4) Rehabilitation

In 2006, a project to rehabilitate the dilapidated railway was launched, with the total cost estimated to be at just over US$143 million. A significant share of funding for the project came from the Asian Development Bank, the Government of Australia, and OPEC Fund for International Development, who agreed to provide US$84 million, US$22.96 million and US$13 million respectively. The Cambodian government was to contribute US$20.3 million. The project aimed to restore the existing 650km of tracks, re-establish connection with Thailand's railway network and develop a major railway facility in Phnom Penh. TSO-AS & Nawarath, a French-Thai joint venture, was contracted to carry out the rehabilitation work.

Although it was scheduled to be completed by the end of 2013, cost overruns and resettlement problems have significantly slowed down the progress of the project. In August 2013 the company announced that rice was being shipped for the first time from Phnom Penh to Sihanoukville. Work on the northern line has also suffered significant delays.

Table 2.31 Container Transportation Between PNH and Sihanoukville in 2015

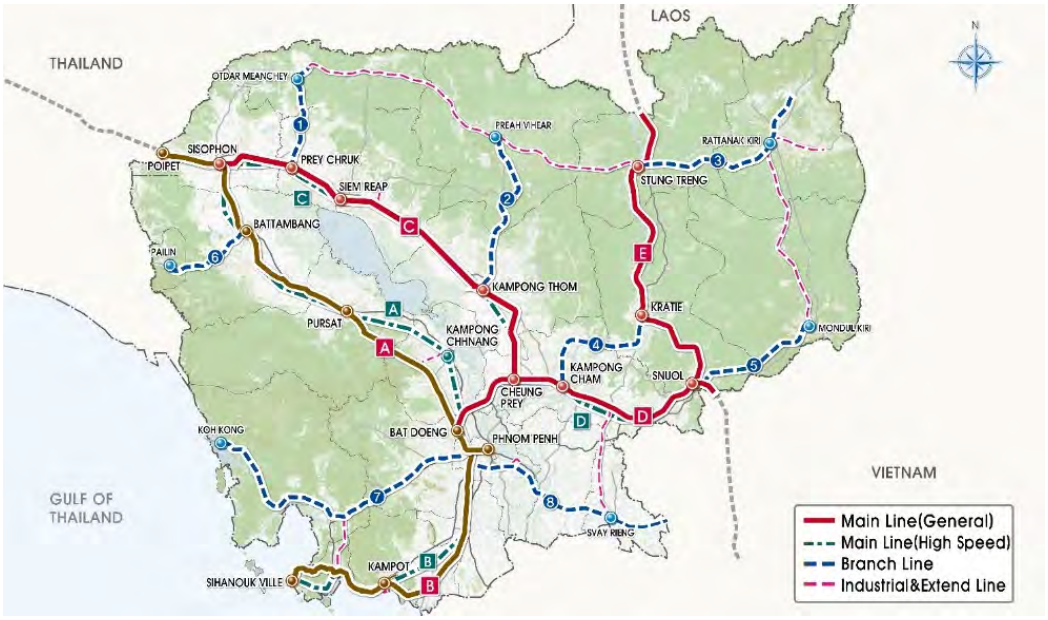
	Size	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
Import	20'	25	17	52	159	257	47	132	171	121	86	42	37	1052	Full
	40'	96	56	21	54	205	34	88	162	130	60	69	155	957	Full
	45'	0		1	12	1	1		4	2	19	5	38	82	Full
	20'	80		158	404	18							75	497	Empty
	40'	399	460	32	42	62	668	754	858	534	583	263	735	4499	Empty
	45'	29	35			40	73	140	45	25				323	Empty
	Total: Ful	121	73	74	225	463	82	220	337	253	165	116	230	2359	Boxes
	Total: E/T	508	495	190	446	120	741	894	903	559	583	263	810	6512	Boxes
	Total	629	568	264	671	583	823	1114	1240	812	748	379	1040	8871	Boxes
Export	20'	444	467	747	902	679	625	591	535	525	641	825	880	7861	Full
	40'	89	121	90	59	109	282	237	274	184	201	197	179	2022	Full
	45'				2									2	Full
	20'	75	4		5	6	11	35	83	17	10	4	1	251	Empty
	40'	9	2		8	60	13	171	407	120	70	1	8	869	Empty
	45'				2									2	Empty
	Total: Ful	533	588	837	963	788	907	828	809	709	842	1022	1059	9885	Boxes
	Total: E/T	84	6	0	15	66	24	206	490	137	80	5	9	1122	Boxes
	Total	617	594	837	978	854	931	1034	1299	846	922	1027	1068	11007	Boxes
Total import/expor		1246	1162	1101	1649	1437	1754	2148	2539	1658	1670	1406	2108	19878	Boxes



Source; PAS

(5) Master Plan

KOICA and MPWT signed the Record of Discussion (R/D) in 2011 to implement the "Project for the Master Plan for Railway Network Development in Cambodia" for 24 months (from December 2011 to December 2013), with a budget of US$2.8 million. The purpose of this project was to contribute to formulating the efficient and systematic national railway network by analyzing the feasibility for priority routes, and to establish the comprehensive railway master plan for Cambodia. According to the final report, the Railway Master Plan would lead the development of the national balanced growth and sustainable development in the future. Based on 4 Goals and 7 Strategies, the Railway Master Plan proposed main lines, eight branch lines, four high-speed lines, five industrial railways and four access railways.



Source; KOICA

Figure 2.22 Railway Master Plan (1)

Table 2.32 Railway Master Plan (2)

	Section	L(km)		Section	L(km)
Main Line	A PHNOM PENH ~ SISOPHON ~POIPET ~ THAILAND	384	High Speed Line	A PHNOM PENH ~ SISOPHON ~POIPET ~ THAILAND	400
	B PHNOM PENH ~ SIHANOUK VILLE	260		B PHNOM PENH ~ SIHANOUK VILLE	243
	C SISOPHON ~ SIEM REAP ~CHEUNG PREY	326		C SISOPHON ~ SIEM REAP ~CHEUNG PREY	314
	D BAT DOENG ~ KAMPONG CHAM ~ SNUOL ~ VIETNAM	249		D BAT DOENG ~ KAMPONG CHAM ~ SNUOL ~ VIETNAM	236
	E SNUOL ~ KRATIE ~ STUNG TRENG ~ LAOS	249	Industrial Line	OTDAR MEANCHEY ~ PREAH VIHEAR	181
Branch Line	1 PREY CHRUK ~ OTDAR MEANCHEY	74		PREAH VIHEAR ~ STUNG TRENG	113
	2 KAMPONG THOM ~ PREAH VIHEAR	139		MONDUL KIRI ~ RATANAK KIRI	151
	3 STUNG TRENG ~ RATANAK KIRI	158		KAMPONG SEILA ~ VEAL RING	48
	4 KAMPONG CHAM ~ KRATIE	115		SVAY RIENG ~ SUONG	90
	5 SNUOL ~ MONDUL KIRI	101	Airport & Port Line	PHNOM PENH NEW PORT LINE	42
	6 BATTAMBANG ~ PAILIN	75		KAMPONG CHHNANG AIRPORT LINE	21
	7 PHNOM PENH ~ KOH KONG	248		KAMPOT PORT LINE	4

	Section	L(km)		Section	L(km)
	⑧ PROTEAS LANG ~ SVAY RIENG	170		SIEM REAP NEW AIRPORT LINE	3

Source; KOICA

(6) Prospects for the future

1) Rehabilitation of Northern Line

In December 2016, the Prime-ministers of Thailand and Cambodia agreed to connect by railway between Bangkok and Phnom Penh. MPWT is going to complete the railway connection between Poipet and Sisopone up to the middle of 2016 and complete a railway connection to Phnom Penh up to the end of 2016. The speed of the train will be limited up to 15km/h and 5km/h on the bridges and culverts. The railway works has already started but people come back to the right of way after their compensation of relocation. The rehabilitation work is being delayed.

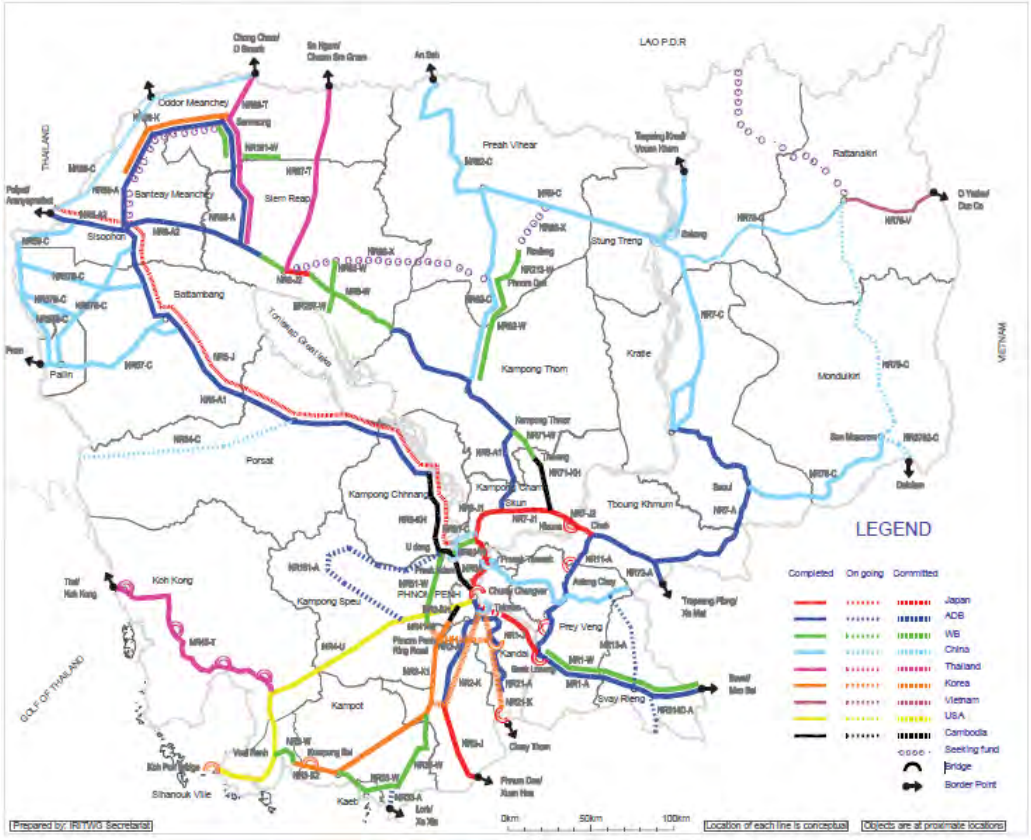
2) Rail Connection to Vietnam

In June 2012, the Cambodian government argued with the Chinese government. The contents are the railroad development, which connects Ho Chi Minh City in Vietnam to Phnom Penh. The Chinese government asserted nominal trajectory about the railroad orbit. However, the railroad orbit of southern Vietnam and Cambodia is a meter gauge. Therefore, the deliberations did not result in the conclusion. Moreover, KOICA investigated the railroad master plan in 2014. KOICA proposed the development of the high-speed train between Ho Chi Minh City and Phnom Penh in the master plan. However, the proposal has not progressed after that. The Cambodian government once considered the connection of the train from the Sam Rao area in Phnom Penh to Vietnam. However, land acquisition was not completed. Now, the MPWT is considered as a proposed site of railroad connection in north udon area.

2.4.4 Road

(1) Current Situation of Road Network

Cambodia receives support for road development/renovation from across the world. Major supporters include Japan, ADB, WB, Australia, China, Thailand, South Korea, Vietnam, and the US. The figure below shows the road networks by supporter.



Source: IRITWG, "Overview of the Transport Infrastructure Sector in Kingdom of Cambodia (5th Edition)", 2015.

Figure 2.23 Road Network Development

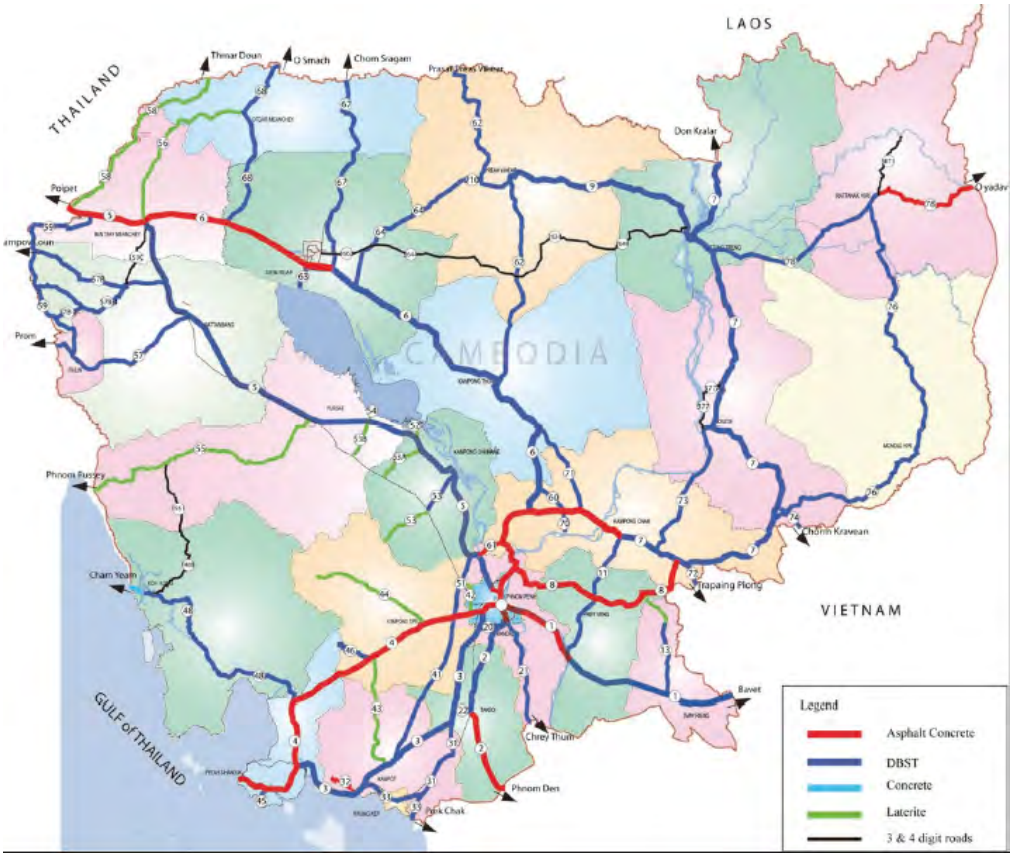
As of September 2014, the total length of national roads (NR) No. 1 to No. 99 accounts for approximately 20% of the length of all roads in Cambodia. The length of bridges on these roads accounts for 44% (see the table below). JICA investigated "The study on the road network development in the Kingdom of Cambodia (2006)", the "National Road Network Master Plan Development Project in Cambodia (2009)", and the " Data collection survey on the trunk road network planning for strengthening of connectivity through the southern economic corridor (2013)".

The studies were focused mostly on the maintenance of national highways of the one digit. The asphalt paving of the entire length of the national highways, and four lanes of main national highways and those highways around major cities is planned (see the figure below).

Table 2.33 Current situation of road network

Road Classification	Length (km)	Road Percentage	Number of Road Networks	Number of Bridges	Bridge Percentage	Bridge Length (m)	Bridge Length Percentage	Management Authority
NR (1-digit)	2,243	4.1%	9	589	14.5%	17,643	23.1%	MPWT
NR (2-digit)	8,864	16.0%	146	698	17.2%	15,710	20.6%	MPWT
Provincial Road (3-4 digit)	4,407	8.0%	236	904	22.3%	16,309	21.4%	Under discussion
Rural Road	39,728	71.9%	13,355	1,869	46.0%	26,559	34.8%	MRD
Total length	55,242	100.0%	13,746	4,060	100.0%	76,221	100.0%	

Source: IRITWG, "Overview of the Transport Infrastructure Sector in Kingdom of Cambodia (5th Edition)", 2015.

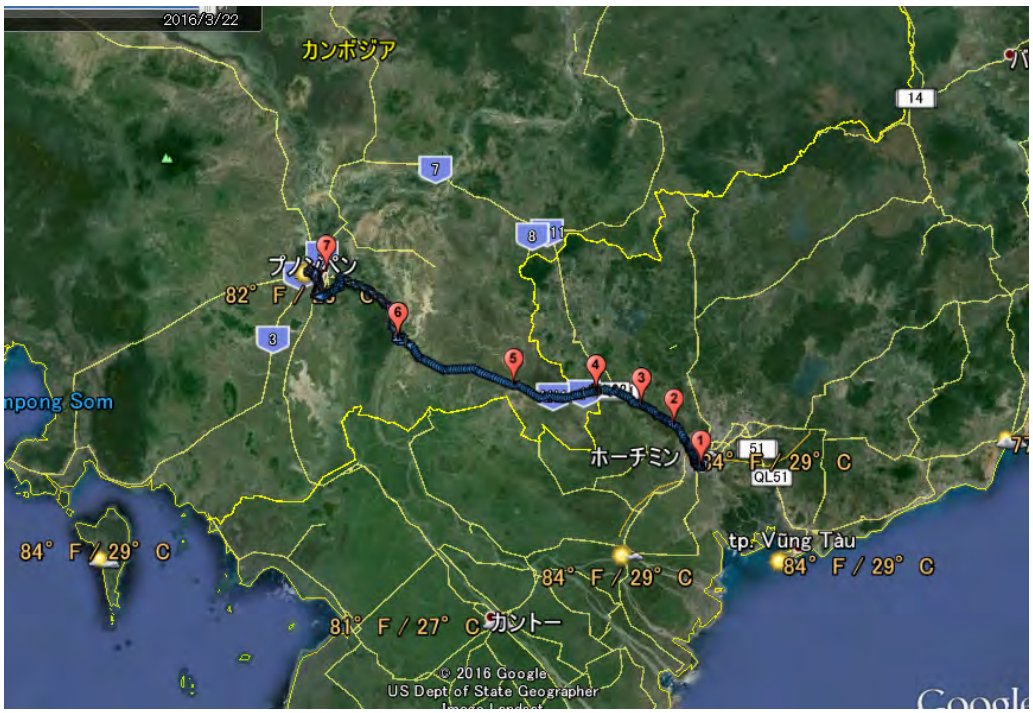


Source: JICA, "Data Collection Survey on the Trunk Road Network Planning for Strengthening of Connectivity through the SOUTHERN Economic Corridor", 2013.

Figure 2.24 Existing Pavement Condition of 1 and 2 Digit National Roads in Cambodia

A road survey is planned in this study; it is scheduled to equip a trailer with a vibration recorder and to measure the road surface situation. RN 1 and RN 5 measured the X, Y and Z axes of the trailer.

The result of vibration measurement of RN 1, from Bavet to Svay Rieng, the X-axis measured a Maximum of 4 G and the Y-axis measured a maximum of -3 G, which was most likely caused by sudden acceleration for overtaking and going into a curve too fast. However, it is settled in 5G, which does not damage the cargo and the road surface situation is good. The measurement results of RN 1 are shown in Figure 2.25 and Table2.34.



Source: JICA Study Team.

Figure 2.25 The route of vibration measurement of RN 1

Table 2.34 The result of vibration measurement on RN 1

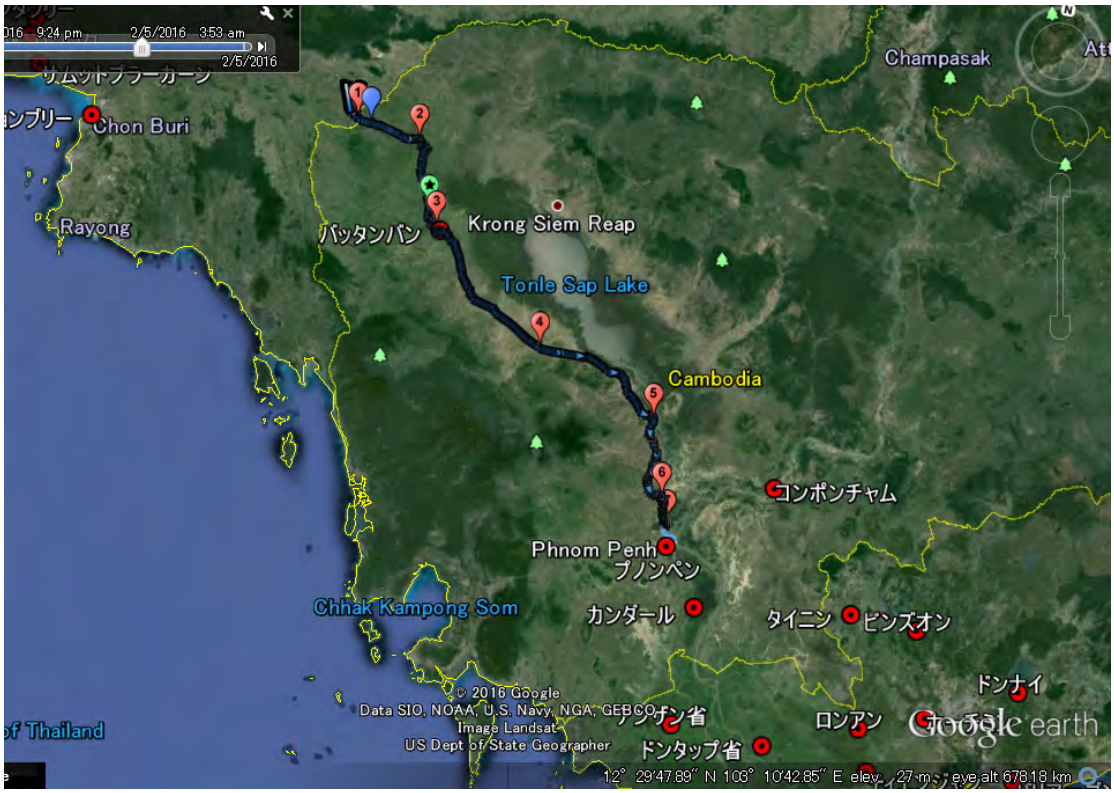
no.	Departure Place	Arrival Place	X			Y			Z		
			Ave	Max	Min	Ave	Max	Min	Ave	Max	Min
1	Ho Chi Minh	Tan Phu Trung	0.1	1.0	-1.0	0.8	1.0	-2.0	-0.3	1.0	-1.0
2	Tan Phu Trung	An Tinh	0.3	1.0	-1.0	0.7	1.0	-2.0	-0.1	1.0	-1.0
3	An Tinh	Bavet	0.4	1.0	-1.0	0.9	1.0	-1.0	-0.1	1.0	-1.0
4	Bavet	Svay Rieng	0.8	4.0	-1.0	0.7	2.0	-3.0	0.4	2.0	-1.0
5	Svay Rieng	Tsubasa Bridge	0.6	2.0	-2.0	0.9	2.0	-1.0	0.4	2.0	-1.0
6	Tsubasa Bridge	Pnom Penh City	0.6	2.0	-1.0	0.7	2.0	-1.0	-0.1	1.0	-1.0

no.	Departure Place	Arrival Place	X			Y			Z		
			Ave	Max	Min	Ave	Max	Min	Ave	Max	Min
7	Pnom Penh City	Pnom Penh City	0.5	2.0	-2.0	0.9	2.0	-1.0	-0.2	1.0	-2.0
Average			0.5			0.8			-0.0		

Source: JICA Study Team.

According to the results of vibration measurement of RN 5, all the X-axis measurements were less than 1G. This means that the tendency of sudden acceleration and a sudden deceleration is not seen. The Y-axis measured a maximum of 4 G, which was most likely caused by going into a curve too fast. However, it is settled in 5G, which does not damage the cargo. On the road from Battambang to Sisophon the Z-axis measured a maximum of 9G, which means that the road surface situation is bad. It seems that it passed over a place where a part of the asphalt paving was broken. In transportation of mechanical parts etc., such a shock is directly linked with cargo damage. Not only is the maintenance of the road pavement but also the safety education for the drivers and introduction of a vibration-proofing palette or shock absorbing material are needed.

The measurement results of RN 5 are shown in Figure 2.26 and Table2.35. The green flag in Figure 2.26 shows the point which measured 9G.



Source: JICA Study Team.

Figure 2.26 The route of vibration measurement of RN 5

Table 2.35 The result of vibration measurement on RN 5

no	Departure Place	Arrival Place	X			Y			Z		
			Ave	Max	Ave	Max	Min	Min	Ave	Max	Min
1	Poi Pet	Sidophon	-0.5	1.0	-1.0	0.1	1.0	-1.0	1.0	2.0	0.0
2	**Sisophon**	**Battambeng**	-0.6	1.0	-1.0	0.3	1.0	-1.0	1.1	**9.0**	-1.0
3	Battambeng	Pursat	-0.5	1.0	-1.0	0.6	4.0	-1.0	1.1	3.0	-1.0
4	Pursat	Kampong Chhnang	-0.3	1.0	-1.0	0.7	2.0	-4.0	1.5	4.0	-2.0
5	Kampong Chhnang	Road improvement	-0.2	1.0	-1.0	0.7	2.0	-2.0	1.4	4.0	-2.0
6	Road improvement	Phom Penh	-0.5	1.0	-1.0	0.5	4.0	-1.0	1.1	4.0	-2.0
Average			-0.4			0.5			1.2		

Source: JICA Study Team.

The table below shows the results of interviews with logistics companies regarding the development of road networks used by the companies.

Table 2.36 Road Network Development by Interviews with Logistics Companies

Major Road Name	Contents of interview
RN 1	・ Road surface conditions are good with asphalt pavement. ・ Night travel became possible as a result of the completion of Tsubasa Bridge. ・ Traffic congestion suddenly occurs during non-rush hours. ・ A part of the road is being widened.
RN 2	・ A bridge was constructed with the support of China. ・ Traffic congestion suddenly occurs during non-rush hours.
RN 4	・ Road surface conditions are good with asphalt pavement. However, the section, which starts at approx. 30 minutes west of the airport is unpaved, causing frequent load collapse. ・ Traffic congestion suddenly occurs during non-rush hours.
RN 5	・ RN 5 is paved with a simple method and has bumps directly leading to cargo damage. ・ Traffic congestion suddenly occurs during non-rush hours. ・ A part of RN 5 is under renovation.
RN 6	・ Road conditions are good only between Poipet and Siem Reap. RN 6 is not suitable for cargo transport.

Source: JICA Study Team.

The table below shows the road pavement condition in Phnom Penh. There are 27 bridges in the city, with a total length of 5,429 m.

Table 2.37 Road pavement situation in Phnom Penh

Unit: m

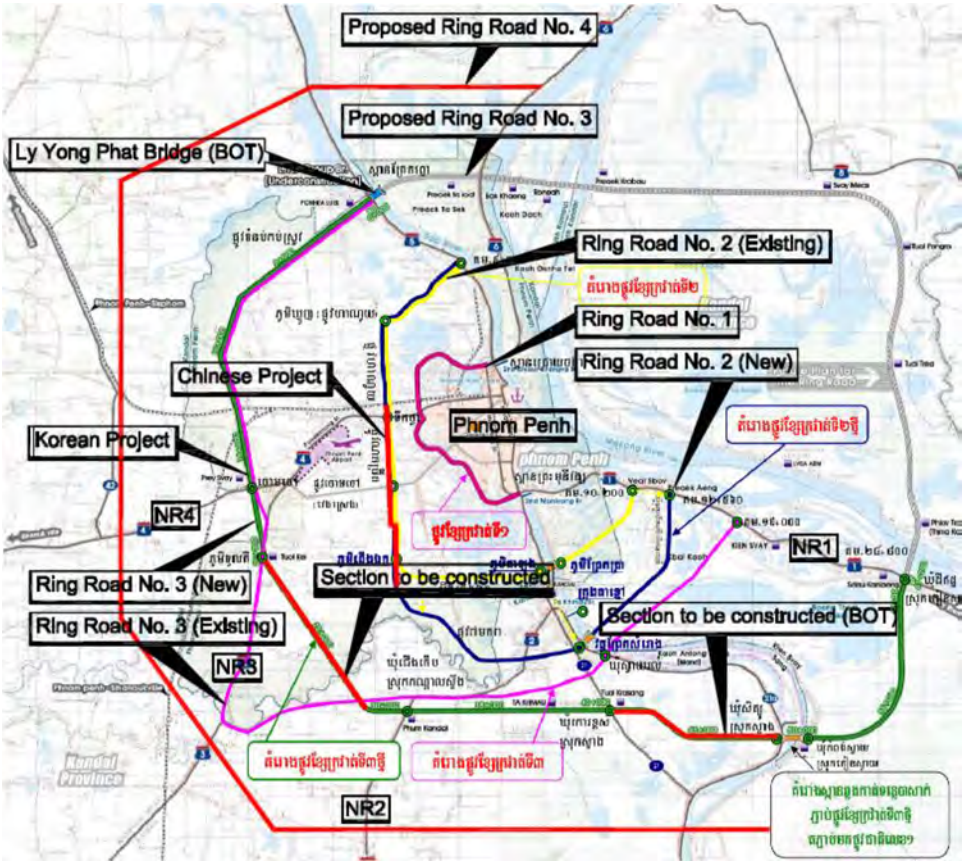
Description	AC Roads	DBST Roads	Concrete Roads	Total
Phnom Penh	215,286	279,753	206,730	1,379,487
Daun Penh	29,800	12,730	1,649	43,810
Chamkamon	29,521	53,646	21,377	105,528
7 Makara	29,800	12,730	1,649	22,264
Toul Kork	5,500	64,067	32,453	117,924
Mean Cheay	11,980	14,720	57,953	143,490
Dangkor	–	38,788	22,067	451,767
Sen Sok	–	3,860	7,710	105,528
Russey Keo	7,020	18,409	62,241	186,528
Total	328,907	498,703	413,829	2,556,326
Ratio	12.9%	19.5%	16.2%	100.0%

Source: Phnom Penh Capital Hall.

(2) Ring Road Development

National roads extend radially from central Phnom Penh. Container trailers and trucks need to go through the city to connect with another national road, and they

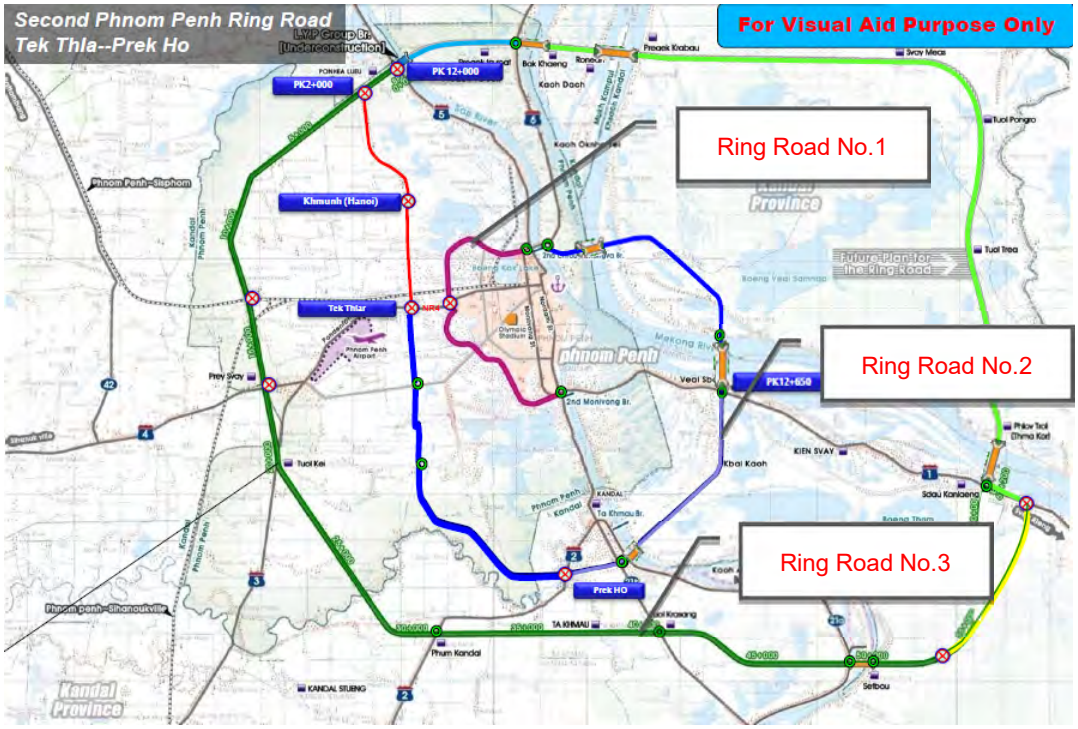
tend to be affected by road regulations. For this reason, the development of a ring road has started (see the figure below).



Source: IRITWG, "Overview of the Transport Infrastructure Sector in the Kingdom of Cambodia (5th Edition)", 2015.

Figure 2.27 The Ring Road Plan in Phnom Penh

Container trailers and trucks mainly use RR No.2 in order to avoid the truck ban. There is already a ring road, but part of it is unpaved with poor road surface conditions and passes through a village. The poor road condition has a great impact on cargo. Thus, the existing ring road cannot be used to transport raw materials or parts. At the present moment, this road is used only for apparel products and finished products. The road alignment of RR No.2 and 3 was shown in IRITWG on March 2, 2016(see the figure below).



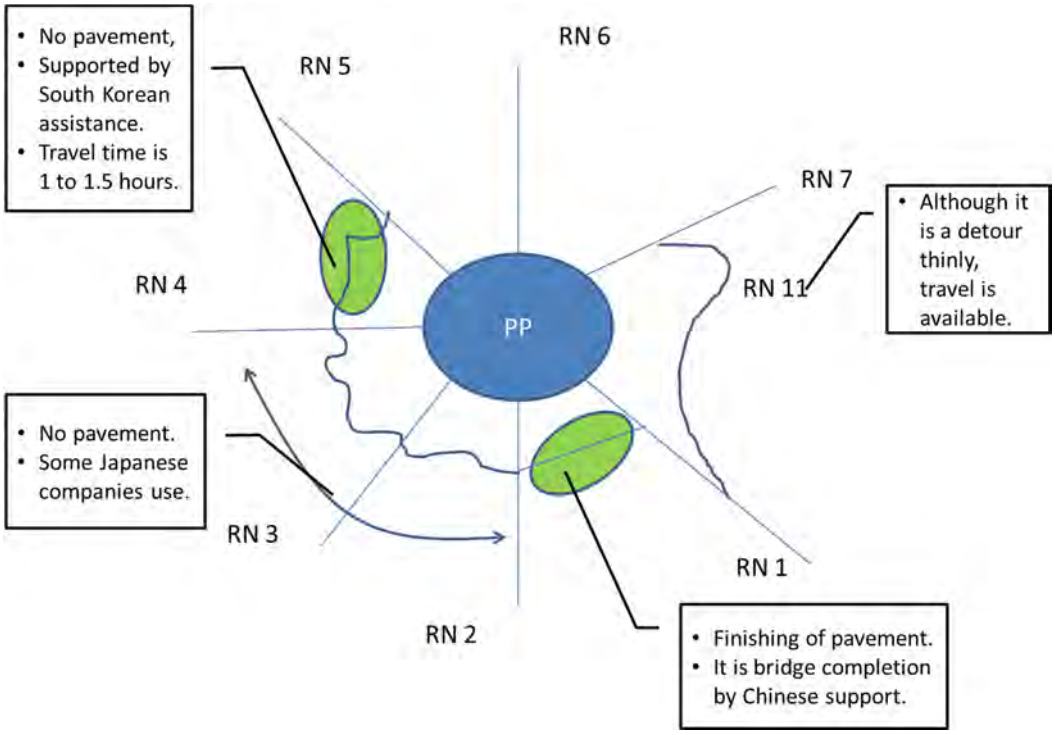
Source: IRITWG, 02 March 2016.

Figure 2.28 The Plan of Ring Road No.1, 2 and 3 in Phnom Penh

Table 2.38 Ring road development according to interviews with truckload carriers

National Road	Interview details
RN 1 to 4	・ China is developing a ring road, but trucks need to pass through a village on part of the road.
RN 4 to 5	・ Imports from Thailand to the Phnom Penh Special Economic Zone (PPSEZ) are carried in the night using RN 5 and RN 4 traveling through Phnom Penh City or in the daytime using the ring road. The two different routes are used depending on the cargo features.
RN 5 to 6	・ Trucks are not allowed to travel on these roads in the daytime. They wait until evening.

Source: JICA Study Team.



Source: JICA Study Team.

Figure 2.29 Current Situation of Ring Road No.2

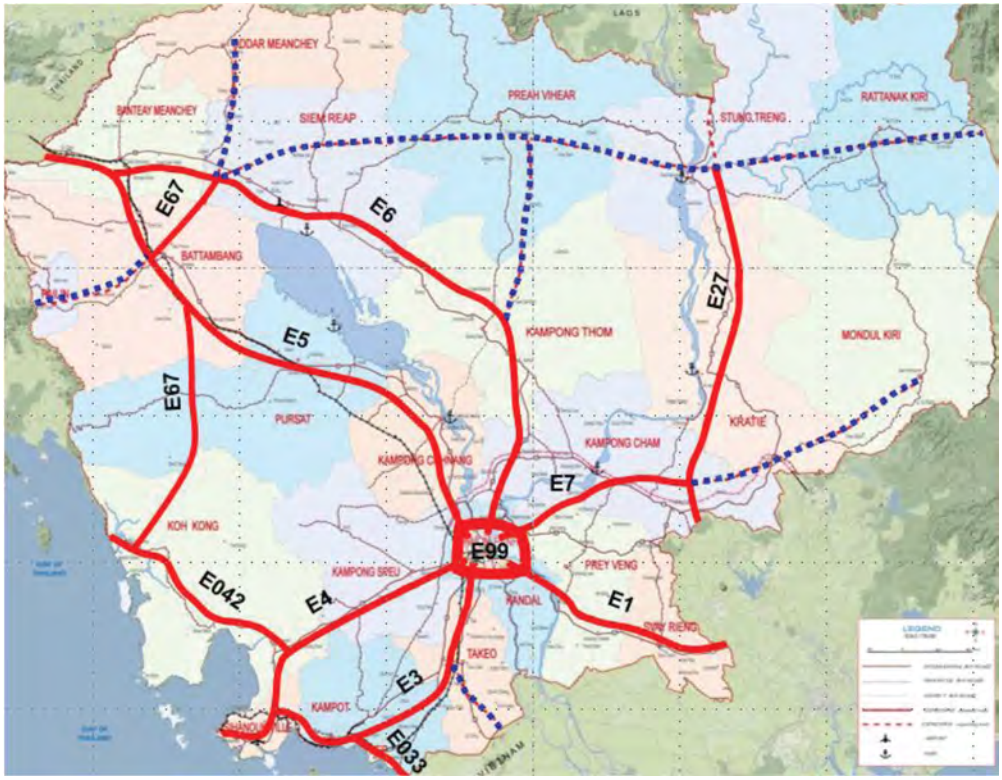
(3) Expressway Development

When trucks use the existing road between the major cities, they cannot run at a high speed, and it takes more time, because there are one-lane roads, community roads and undeveloped streetlights. Therefore, the Government of Japan and the Chinese government further support the expressway development. The specification is for the maintenance of four or more lanes, interchanges, rest stations, etc. Expressways will bring about such benefits as listed below:

- Growth of regional economy
- An increase in traffic safety
- Increase of tourists
- Increase of foreign investment and
- Expansion of markets for agricultural products

The expressway master plan of Cambodia had been started with the technical assistance of China. Based on China's master plan report, Cambodia needs to develop some 2,230 km of national expressway network by 2040 with the investment

amount of approximately US$26 billion. But for the short-term plan, by 2020 the country needs the build about 850 km in length requiring some US$9 billion.



Source: IRITWG, "Overview of the Transport Infrastructure Sector in Kingdom of Cambodia (5th Edition)", 2015.

Figure 2.30 Map of Expressway Development Plan by China

Table 2.39 Length of Expressway Development Plan by China

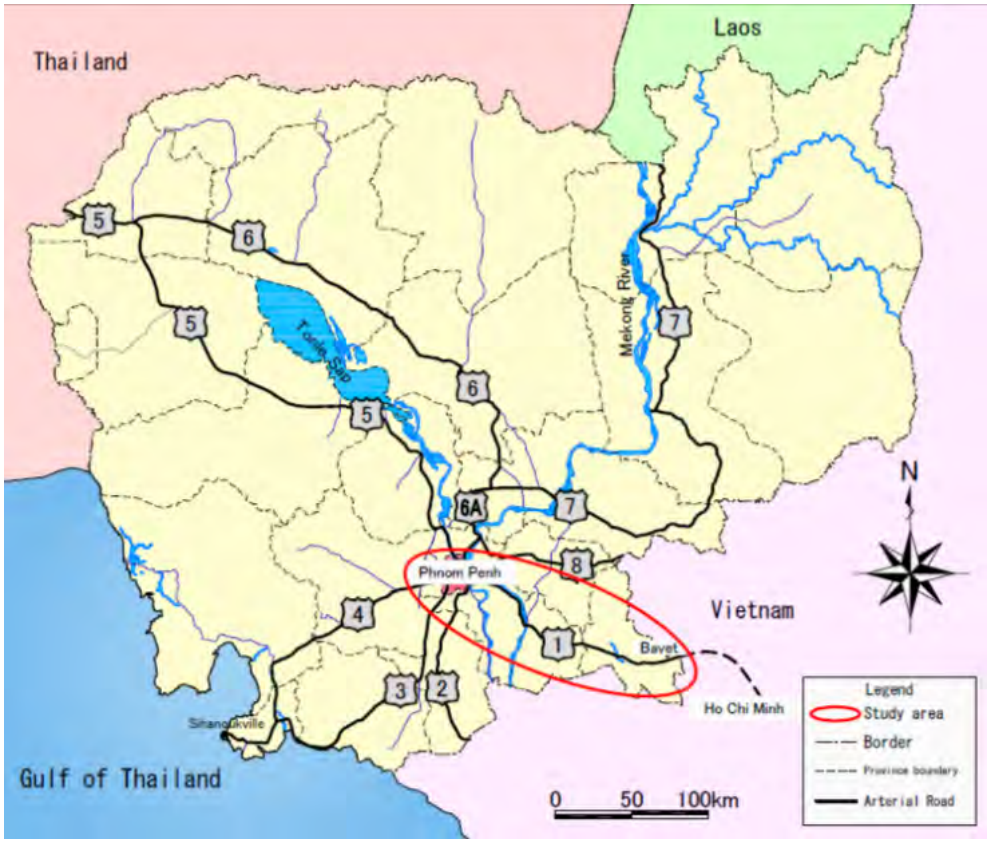
No.	Route		Length, km	No. Lanes	Investment Cost (million USD)	schedule
	from	To				
E99	PP Ring Road	-	145	8	25,500	Short term
E1	PP Ring Road No.3	Svay Rieng	150	4		Short term
E4	PP Ring Road No.3	Sihanoukville	205	4		Short term
E3	PP Ring Road No.3	Sihanoukville	195	4		Long term
E5	PP Ring Road No.3	Thailand Border	380	4		Short term Medium term
E6	PP Ring Road No.3	Banteay Meanchey	390	4		Short term Medium term
E7	PP Ring Road No.3	Kampong Cham	130	4		Medium term
E27	Kg. Cham	Stung Treng	225	4		Long term
E67	Siem Reap	Koh Kong	230	4		Medium term

No.	Route		Length, km	No. Lanes	Investment Cost (million USD)	schedule
	from	To				
						Long term
E042	Koh Kong	Sihanoukville	145	4		Medium term
E033	Kamport	Kep	35	4		Medium term
Total			2,230		25,500	

Source: IRITWG, "Overview of the Transport Infrastructure Sector in the Kingdom of Cambodia (5th Edition)", 2015.

Under these circumstances, the Japan International Cooperation Agency (JICA) implemented the "Preliminary Data Collection Survey for Expressway Development in the Kingdom of Cambodia" in 2013. The survey recommended that a national expressway network, with a total length of 2,200 km, be planned and constructed.

However, the highway master plan by the Chinese government, which is mentioned above was developed instead. JICA and MPWT studied the "Data Collection Survey on Phnom Penh – Ho Chi Minh City Expressway Development Plan in the Kingdom of Cambodia" 2014 (see the figure below).



Source: JICA, "Data Collection Survey on Phnom Penh – Ho Chi Minh City Expressway Development Plan in the Kingdom of Cambodia", 2014.

Figure 2.31 National Expressway Network Proposed by the Preliminary Survey by JICA

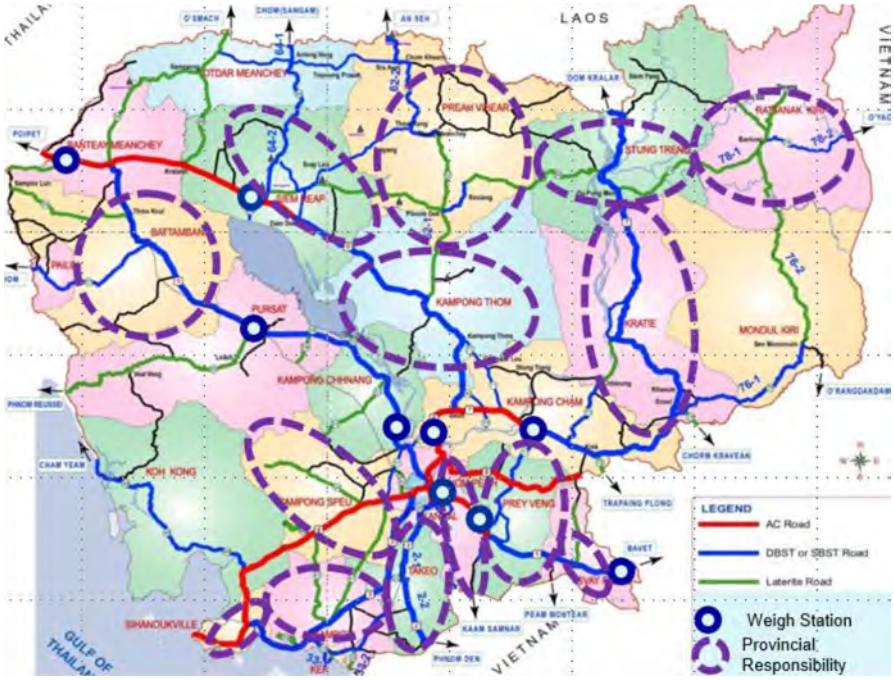
Table 2.40 Length of Expressway Development Plan by Japan

No.	Route		Pavement type	Length, km	schedule
	from	To			
E1	PP Ring Road No.3	Bavet (along NR1)	AC	135	Short term
E3	PP Ring Road No.3	Sihanoukville (along NR4)	AC	210	Short term
UE	PP Ring Road	-	AC	155	Medium term
E5	PP Ring Road No.3	Poi Pet	AC	355	Medium term
E6	PP Ring Road No.3	Sisophon	AC	400	Long term
E7	PP Ring Road No.3	Lao Border (along NR7)	AC	335	Long term
E9	Siem Reap	Vietnam Border (along NR9)	AC	390	Long term
E10	Kep	Koh Kong (along NR33 and NR44)	AC	220	Long term
Total				2,200	

Source: IRITWG, "Overview of the Transport Infrastructure Sector in the Kingdom of Cambodia (5th Edition)", 2015.

(4) Overloaded transport

In anticipation of overloaded transport, which is a major factor in road damage, 9 weigh stations were constructed at major NRs (see the Figure below). In addition to that there are 36 portable weigh scales, which were funded by ADB that have been procured to be distributed to major provinces. In addition, the weight of the cargo, which can be loaded, is specified according to vehicle type, such as a truck, a semi-trailer and a trailer.



Source: IRITWG, "Overview of the Transport Infrastructure Sector in the Kingdom of Cambodia (5th Edition)", 2015.

Figure 2.32 Location Maps of Weigh Stations

2.4.5 Dry Port

The Dry Port has functions of temporary storage, CY and CFS. The number of dry ports in Phnom Penh is 10. In the dry port as well as the SEZ, customs office and Cam control can be arranged. There were ten dry ports in 2010, however, one company has closed, one company has entered into business and one company is planning advance. The dry port exists only one company in Bavet except in Phnom Penh. The dry ports in Phnom Penh are as listed in the table below:

Table 2.41 List of Dry Ports in Phnom Penh

No.	Descrition	Background	Services	Equipment/ Facilities
1	Bok Seng PPSEZ Dry Port Co., Ltd.	Another yard in Sihanoukville, located 3km from PAS	One-stop logistics, container depot, container & conventional trucking services, project cargo handling, custom clearance services	Lorry crane with capacity ranging 5t to 7t, trucks from 30t to 60t, 50t-crane with suitable lifting gears stacker and 3 warehouses
2	Hong Leng Huor (Transport Imp.Exp & Dry Port) Co., Ltd. (HLH)	Established in 1999 as a logistics and transportation company, on 15ha of land, about 3km from PP Airport, branches in Bavet, PP	Logistics & freight forwarding, road transportation, warehousing and distribution, customs clearance, dry port services	Warehouses: 50,000 sqm, customs office, CAMControl office, CY, cargo-handling equipment, warehouses, CFS & repair workshop
3	Olair Dry Port Worldwide Logistics Co., Ltd.	Unknown	Unknown	Unknown
4	SBLL ICD & Transport Co., Ltd.	Unknown	Unknown	Unknown
5	Sokan Transport Co., Ltd.	Established in 2000, H/Q in PP, branches in SHV, Bavet, Smach and Poipet, regional offices in BKK and HCM and other countries	Customs clearance & documentation, trucking, sea-freight & forwarding, dry port, warehousing and distribution	Dry port: 29,855 sqm, warehouse: 4,000 sqm, 182 trailers, 6 lorries, 3 forklifts & 4 cranes, 114 truck drivers, 5 standby drivers, 6 lorry drivers and 6 co-drivers, 2 forklift drivers, 4 crane drivers & 4 co-drivers, 5 technicians, 10 technical clerks, 5 staff and 2 team leader and 27 admin staff
6	So Nguon Dry Port	Established in 1999, H/Q in PP, branches in SHV, Poipet, Bavet of Svay Rieng and Trapeang Plong of Kampong Cham	Import-export LCL & FCL cargo clearances, inland transports, warehousing & CY	Dry port in PP: 10ha, Customs office, CAMControl, CTN-handling equipment for 20' & 40' (6 cranes), CTN depot up to 7,000 CTN, warehouse: 25,000 sqm, 11 elevators, repair workshop
7	Tec Srun Import Export Transport & Dry Port Co., Ltd.	Established in 1996, 15 years of trucking experience, 4 branches in SHV, PP, Bavet and Poipet	Customs clearance, depot container storage, sea-freight, transportation, cargo consolidation	5 warehouses: 15,000m2, 1 dry port: 52,000m2, 12 cranes & stacker: 25t to 50t, 12 forklifts: 02t to 3.5t, 160 modern trucks: 30t to 40t, 280 trailers, 180 staffs and 170 drivers
8	Teng Lay Deport & Dry Port	Established in 1996	Customs clearance, documentation, ocean & air freight, land freight, open storage yard, dedicated container freight station, warehouse management	Unknown

No.	Descrition	Background	Services	Equipment/ Facilities
			& stock inventory control	
9	Toll Royal Railway Phnom Penh Dry Port/ Toll Cambodia Dry Port	Unknown	Unknown	Unknown
10	Union Imp Exp & Transport/ Dry Port	Established in 2012 on 05ha of land	CY, customs clearance and documentation, trucking, warehousing, shipping, transportation & logistics and bonded warehouse	Warehouses: 7,500 sqm (including bonded warehouse), CFS warehouse & general cargo warehouse, CY: 27,000 sqm (2,500TEUs),

Remark: as of 02 March 2016.
Source: JICA Study Team.

2.5 Logistics Support by Donors

This section shows that major donors, e.g., World Bank, Asian Development Bank and Korean International Cooperation Agency, give support to Cambodian logistics improvement. Other than the donors mentioned above, the Chinese government supported road rehabilitation and improvement projects of RN 6 and plan to support the improvement project of RN 4 and so on. In addition, the Thai government plans to develop new border facilities in Poipet by loan scheme.

2.5.1 World Bank

The WB is supporting the logistics sector in Cambodia. The WB started a Trade Development Support Program (TDSP) in July 2009 in order to promote the increase in efficiency of the customs clearance system and computerization in Cambodia together with EU, UNIDO, etc. The program will continue until June 2016. Moreover, the WB created the blueprint as a concept paper for Technical Assistance in regard to the improvement of logistics. In addition to this, the WB performed a survey concerning rice-cleaning export, etc.

Hereinafter, the concrete project in the TDSP program by WB is summarized.

- ASYCUDA World System (GDEC-MEF)
- ICT Master Plan -Automation of Certificate of Origin (MOC)
- Automation of Business Registration
- Automation of SPS Certification (GDA-MAFF)
- Trade Training and Research Institute (TTRI-MOC)

- Draft of Rice Standard - Certification Scheme for Rice (Accreditation System) (ISC- MIH)
- Development of a stronger National System for IP generation, protection, administration and enforcement (DIPR)
- Support for the Arbitration Council and Dispute Resolution in Cambodia
- Strengthening the Operation Capacity of the National Commercial Arbitration Center

2.5.2 Asian Development Bank (ADB)

The ADB supported the cross-border transportation agreement (CBTA: Cross Border Transportation Agreement), which is a multilateral agreement for the cross-border transport facilitation in the Greater Mekong sub-region. In 2003, five countries, e.g., Vietnam, Cambodia, Laos, Thailand, Myanmar, the Mekong sub-region and China signed the CBTA.

The ADB specified the regional economic corridors for the promotion of cooperation in the GMS region. The Southern Economic Corridor (Bangkok - Phnom Penh - Ho Chi Minh City route) was identified by the ADB.

As Cambodia logistics are supported by ADB recently, there are 1) roads development from Ho Chi Minh to Bavet, 2) Poi Pet checkpoint evaluation at the border as part of the CBTA, 3) the support of bilateral transport agreement enhancement between Cambodia and Vietnam, etc. In addition, the ADB developed local road improvement and road extension in Bavet as small-scale projects. In addition to those, the ADB is carrying out the road asset management project (Phase2).

ADB conducted a F/S of the dry ports throughout Cambodia. ADB carried out F/Ss of the dry ports of Poi Pet, Bavet, and the Neak Leoun near the bridge utilizing a PPP scheme.

2.5.3 Korean International Cooperation Agency (KOICA)

KOICA carried out logistics support other than transport infrastructure development. KOICA carried out a Railway Master Plan, knowledge Sharing Program (KSP), etc. KSP is a development strategy proposal for the logistics

infrastructure in Cambodia based on experiences in South Korea, e.g., One-Stop Service development, the Pusan port development, the Incheon airport development, etc. KOICA conducted a human development support in regard to transportation companies.

NR31, NR33, NR117 and Kamport bypass ware implemented in HIV/AIDS, Trafficking Awareness and Prevention Program as loan project of road development.